

NOTICE OF PROPOSED RULEMAKING
TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING
CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

PREAMBLE

<u>1.</u>	<u>Sections Affected</u>	<u>Rulemaking Action</u>
	Article 1	New Article
	R19-1-101	New Section
	R19-1-102	New Section
	R19-1-103	New Section
	R19-1-104	New Section
	R19-1-105	New Section
	R19-1-106	New Section
	R19-1-107	New Section
	R19-1-108	New Section
	R19-1-109	New Section
	R19-1-110	New Section
	R19-1-111	New Section
	R19-1-112	New Section
	Article 2	New Article
	R19-1-201	New Section
	R19-1-202	New Section
	R19-1-203	New Section
	R19-1-204	New Section
	R19-1-205	New Section
	R19-1-206	New Section
	R19-1-207	New Section
	R19-1-208	New Section
	R19-1-209	New Section
	R19-1-210	New Section
	R19-1-211	New Section
	R19-1-212	New Section

R19-1-213	New Section
R19-1-214	New Section
R19-1-215	New Section
R19-1-216	New Section
R19-1-217	New Section
Article 3	New Article
R19-1-301	New Section
R19-1-302	New Section
R19-1-303	New Section
R19-1-304	New Section
R19-1-305	New Section
R19-1-306	New Section
R19-1-307	New Section
R19-1-308	New Section
R19-1-309	New Section
R19-1-310	New Section
R19-1-311	New Section
R19-1-312	New Section
R19-1-313	New Section
R19-1-314	New Section
R19-1-315	New Section
R19-1-316	New Section
R19-1-317	New Section
R19-1-318	New Section
R19-1-319	New Section
R19-1-320	New Section
R19-1-321	New Section
R19-1-322	New Section
R19-1-323	New Section
R19-1-324	New Section
R19-1-325	New Section
R19-1-326	New Section
R19-1-327	New Section
Article 4	New Article

R19-1-401	New Section
R19-1-402	New Section
R19-1-403	New Section
R19-1-404	New Section
R19-1-405	New Section
R19-1-406	New Section
R19-1-407	New Section
Article 5	New Article
R19-1-501	New Section
R19-1-502	New Section
R19-1-503	New Section
R19-1-504	New Section
R19-1-505	New Section
R19-1-506	New Section
Article 6	New Article
R19-1-601	New Section
R19-1-602	New Section
R19-1-603	New Section
R19-1-604	New Section
R19-1-605	New Section
R19-1-606	New Section

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 4-112(A)(2) and (B)(1)

Implementing statute: A.R.S. §§ 4-101 et seq.

3. List of all previous notices appearing in the Register addressing the proposed rules:

Notice of Rulemaking Docket Opening:

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: Natasha Ter-Grigoryan

Address: Department of Liquor Licenses and Control

800 West Washington, 5th floor

Phoenix, AZ 85007

Telephone: (602) 542-9030

Fax: (602) 542-5707

E-mail: Natasha.Ter-Grigoryan@azliquor.gov

5. An explanation of the rules, including the agency's reasons for initiating the rulemaking:

In response to a five-year-review report approved by the Governor's Regulatory Review Council on March 7, 2006, the Department and Board are amending their rules to make them consistent with statute and agency practice and clear, concise, and understandable.

6. A reference to any study relevant to the rules that the agency reviewed and either proposes to rely on in its evaluation of or justification for the rules or proposes not to rely on in its evaluation of or justification for the rules, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

None

7. A showing of good cause why the rules are necessary to promote a statewide interest if the rules will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

These new rules are replacing existing rules, which are being repealed in a related rulemaking. The content of the new rules is substantially similar to that of the rules being repealed. Most of the economic impact from regulation of the liquor industry, including all fees and surcharges, results from legislative action. The minimal economic impact of the rules results from establishing procedures to implement the legislative directives.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Natasha Ter-Grigoryan

Address: Department of Liquor Licenses and Control
800 West Washington, 5th floor
Phoenix, AZ 85007

Telephone: (602) 542-9030

Fax: (602) 542-5707

E-mail: Natasha.Ter-Grigoryan@azliquor.gov

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rules or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rules:

An oral proceeding regarding the proposed rules will be held as follows:

Date:

Time:

Location:

The rulemaking record will close at

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 19. ALCOHOL, HORSE AND DOG RACING, LOTTERY, AND GAMING

CHAPTER 1. DEPARTMENT OF LIQUOR LICENSES AND CONTROL

ARTICLE 1. ~~REPEALED~~ GENERAL PROVISIONS

Section

- R19-1-101. ~~Repealed~~ Definitions
- R19-1-102. ~~Repealed~~ Determining Whether to Grant a License for a Certain Location
- R19-1-103. ~~Repealed~~ Transfer of License
- R19-1-104. ~~Repealed~~ Fees and Surcharges
- R19-1-105. ~~Repealed~~ Obtaining a Quota License
- R19-1-106. ~~Repealed~~ Licensing Time-frames
- R19-1-107. ~~Repealed~~ Liquor Law Training Course: Minimum Standards
- R19-1-108. ~~Reserved~~ Intrastate Shipping Requirements
- R19-1-109. ~~Repealed~~ Interstate Shipping Requirements
- R19-1-110. ~~Reserved~~ Solicitation Prohibited
- R19-1-111. ~~Repealed~~ Standards for a Non-contiguous Area of a Licensed Premises
- R19-1-112. Severability

ARTICLE 2. ~~REPEALED~~ LICENSING

Section

- R19-1-201. ~~Repealed~~ License Required
- R19-1-202. ~~Repealed~~ Who May Apply for a License
- R19-1-203. ~~Repealed~~ Application Requirements for a Liquor License
- R19-1-204. ~~Repealed~~ Application Requirements for an Out-of-state Producer or Limited Out-of-state Producer License
- R19-1-205. ~~Expired~~ Application Requirements for an Out-of-state Domestic Microbrewery or Domestic Farm Winery License
- R19-1-206. ~~Repealed~~ Application Requirements for a Special Event License
- R19-1-207. ~~Repealed~~ Application Requirements for a Wine Festival or Fair License
- R19-1-208. ~~Repealed~~ Application Requirements for a Direct Shipment License
- R19-1-209. ~~Repealed~~ Registration of a Retail Agent

R19-1-210. ~~Repealed~~ Application for Agent Change, Acquisition of Control, or Business Restructure
R19-1-211. ~~Repealed~~ Application for Exemption for an Unlicensed Business Establishment
R19-1-212. ~~Repealed~~ Application to Renew a Liquor License
R19-1-213. ~~Repealed~~ Application for Restaurant Continuation License
R19-1-214. ~~Repealed~~ Application for Extension or Change of Licensed Premises
R19-1-215. ~~Repealed~~ Application to Include a Non-contiguous Area in a Licensed Premises
R19-1-216. ~~Repealed~~ Request for Store Sampling
R19-1-217. ~~Repealed~~ Application for Approval of a Liquor Law Training Course

ARTICLE 3. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

Section

R19-1-301. ~~Recodified~~ Display of License
R19-1-302. ~~Repealed~~ Knowledge of Liquor Law
R19-1-303. ~~Repealed~~ Authorized Spirituous Liquor
R19-1-304. ~~Repealed~~ Storing Spirituous Liquor on Unlicensed Premises
R19-1-305. ~~Repealed~~ Paying Taxes Required
R19-1-306. ~~Repealed~~ Bottle Labeling Requirements
R19-1-307. ~~Repealed~~ Bottle Reuse or Refilling Prohibited
R19-1-308. ~~Repealed~~ Age Requirements for Erotic Entertainers
R19-1-309. ~~Repealed~~ Prohibited Acts
R19-1-310. ~~Repealed~~ Prohibited Films and Pictures
R19-1-311. ~~Repealed~~ Credit Law Exception
R19-1-312. ~~Repealed~~ Accurate Labeling of Dispensing Equipment Required
R19-1-313. ~~Repealed~~ Sign Limitations
R19-1-314. ~~Expired~~ Prohibited Inducement to Purchase or Consume Spirituous Liquor
R19-1-315. ~~Repealed~~ Purchase of Non-alcoholic Malt Beverage, Wine, or Cocktail Mixer
R19-1-316. ~~Repealed~~ Responsibilities of a Licensee that Operates a Delivery Service
R19-1-317. ~~Repealed~~ Responsibilities of a Liquor Store or Beer and Wine Store Licensee
R19-1-318. Responsibilities of a Hotel-Motel or Restaurant Licensee
R19-1-319. Responsibilities of a Special Event Licensee
R19-1-320. Commercial Coercion or Bribery Prohibited
R19-1-321. Practices Permitted by a Producer or Wholesaler

- R19-1-322. Incentive Program Involving Producers and Wholesalers
R19-1-323. Responsibilities of a Registered Retail Agent
R19-1-324. Underage Individuals on Business Premises
R19-1-325. Standards for Exemption of an Unlicensed Business Establishment
R19-1-326. Display of Warning Sign Regarding Consumption of Alcohol
R19-1-327. Tapping Equipment

ARTICLE 4. REQUIRED NOTICES TO DEPARTMENT

Section

- R19-1-401. Notice of Change in Status: Active or Nonuse
R19-1-402. Notice of Change in Manager
R19-1-403. Notice of Legal or Equitable Interest
R19-1-404. Notice of Change in Business Name, Address, or Telephone Number
R19-1-405. Notice of License Surrender or Application Withdrawal
R19-1-406. Registered Retail Agent: Notice of Change in Cooperative-purchase Agreement; List of Cooperative Members
R19-1-407. Hotel-Motel or Restaurant Licensee: Notice of Change to Restaurant Facility

ARTICLE 5. REQUIRED RECORDS AND REPORTS

Section

- R19-1-501. General Recordkeeping
R19-1-502. On-sale Retail Personnel Records
R19-1-503. Records Regarding Cooperative Purchases
R19-1-504. Record of Retail Delivery of Spirituous Liquor
R19-1-505. Domestic Microbrewery or Domestic Farm Winery Licensee Annual Product Report
R19-1-506. Report of Act of Violence

ARTICLE 6. VIOLATIONS; HEARINGS; DISCIPLINE

Section

- R19-1-601. Hearings
R19-1-602. Rehearing or Review of Decision

R19-1-603. Judicial Review

R19-1-604. Actions during License Suspension

R19-1-605. Seizure of Spirituous Liquor

R19-1-606. Closure due to Violence

ARTICLE 1. REPEALED GENERAL PROVISIONS

R19-1-101. Repealed Definitions

The definitions in A.R.S. §§ 4-101, 4-205.02, 4-205.03, 4-205.06, 4-207, 4-210, 4-227, 4-243.01, 4-244, 4-248, and 4-251 apply to this Chapter. Additionally, in this Chapter, unless the context otherwise requires:

"Acquisition of control" means that a person becomes a controlling person.

"Agent" means an individual who meets the licensing qualifications under A.R.S. § 4-202 and is designated to represent and act on behalf of an applicant or licensed entity.

"Association" means a group of individuals who have a common interest, is organized as a non-profit corporation or fraternal or benevolent society, and owns or leases a premise for the group's exclusive use that accommodates a maximum of 300 individuals.

"Bar license" (Series 6) means a document issued to an on-sale retailer that allows the on-sale retailer to sell spirituous liquors primarily by individual portions for consumption on the licensed premises with off-sale privileges to sell spirituous liquors in the original containers, one thousand five hundred dollars.

"Beer and wine bar license" (Series 7) means a document issued to an on-sale retailer that allows the on-sale retailer to sell wine and beer in individual portions for consumption on the licensed premises or in an original, unopened, container for consumption off the licensed premises.

"Beer and wine store license" (Series 10) means a document, issued to an off-sale retailer that allows the off-sale retailer to sell wine and beer in an original, unopened, container for consumption off the licensed premises.

"Bona fide transaction" means a business act involving a licensee and another person that changes ownership of the license issued to the licensee.

"Business establishment or business premises" means real property and improvements from which an enterprise or organized undertaking is conducted regularly for profit.

"Catering establishment" means a business premises that is available for hire for a particular occasion and at which food and service is provided for up to 300 people who attend the occasion.

"Change in ownership" means any change in the financial arrangement regarding a business establishment that results in a person, directly or indirectly, becoming or ceasing to be a controlling person.

"Club license" (Series 14) means a document issued to a club that allows the club to sell spirituous liquor only to members and members' guests for consumption only on the premises of the club.

"Cocktail mixer" means a liquid or solid mixture marketed primarily for mixing with spirituous liquor to prepare a beverage.

"Conveyance license" (Series 8) means a document issued to the owner or lessee of an airplane, train, or boat that allows the owner or lessee to sell spirituous liquor for consumption only on the airplane, train, or boat.

"Cooler product" means an alcoholic beverage made from wine or beer and fruit juice, often in combination with a carbonated beverage and sugar.

"Deal" means to sell, trade, furnish, distribute, or do business in spirituous liquor.

"Direct shipment license" (Series 17) means a document issued to an in-state or out-of-state producer, exporter, importer, or rectifier that allows the licensee to take an order for spirituous liquor and ship the order to a wholesaler.

"Domestic farm winery license" (Series 13) means a document issued to an in-state or out-of-state domestic farm winery that requires the domestic farm winery to produce at least 200 gallons but not more than 40,000 gallons of wine.

"Domestic microbrewery license" (Series 3) means a document issued to an in-state or out-of-state domestic microbrewery that produces at least 5,000 gallons of beer following its first year of operation and not more than 620,000 gallons of beer annually.

"Dram shop" means a legal term referring to a bar, tavern, or similar business establishment at which spirituous liquor is sold in small portions.

"Entertainment," as used in A.R.S. § 4-244.05, means any form of amusement including a theatrical, opera, dance, or musical performance, motion picture, videotape, audiotape, radio, television, carnival, game of chance or skill, exhibit, display, lecture, sporting event, or similar activity.

"Erotic entertainer," as used in A.R.S. § 4-112(G), means an individual who performs in a manner or style intended to stimulate or arouse sexual thoughts or actions.

"Food" means an edible product consumed to nourish the body that is prepared and served at a business establishment.

"Front entrance" means the door commonly used by members of the general public to enter a business establishment.

"Good cause," as used in A.R.S. Title 4 and this Chapter, means a reason that the Department or Board determines is substantial enough to afford a legal excuse.

"Government license" (Series 5) means a document issued to a county, city, town, or state university or the Arizona Exposition and State Fair Board that allows sale of spirituous liquor at the premises specified on the document.

"Hotel-motel license" (Series 11) means a document issued to a hotel or motel that has a restaurant where food is served that allows the hotel or motel to sell spirituous liquor for consumption on the premises of the hotel or motel or by means of a mini-bar.

"Incidental convenience," as used in A.R.S. § 4-244.05(I), means the good will a business receives from allowing a patron to possess and consume a minimal amount of spirituous liquor while at the business premises to obtain goods or services regularly offered to all patrons.

"In-state producer license" (Series 1) means a document issued to a producer or manufacturer of spirituous liquor in Arizona.

"Interim permit" means a temporary license issued under A.R.S. § 4-203.01 that allows continued sale of spirituous liquor following:

Transfer of a bar, beer and wine bar, or liquor store license from one person to another and application by the transferee for authority to use the bar, beer and wine bar, or liquor store license at the business premises; or

Application for an original, non-transferable, license of the same type as was previously issued for the business premises.

"Judicial review" means an appeal under A.R.S. Title 12, Chapter 7, Article 6 to superior court of a final decision by the Board or Director.

"Licensed" means a license or interim permit is issued under A.R.S. Title 4 and this Chapter, including a license or interim permit on nonuse status.

"Licensed business" means the business premises specified on a license at which the licensee is authorized to manufacture, sell, or deal in particular spirituous liquors.

"Licensed retailer" means an on-sale or off-sale retailer.

"Limited out-of-state producer license" (Series 2L) means a document issued to:

An out-of-state producer that sells no more than 50 cases of spirituous liquor through a wholesaler annually, or

An out-of-state domestic farm winery or out-of-state domestic microbrewery that produces no more than 20,000 gallons of wine or beer annually and makes direct sales and deliveries to a licensed retailer or customer that places an order by telephone, mail, fax, internet, or other means.

"Liquor store license" (Series 9) means a document issued to an off-sale retailer that allows the off-sale retailer to sell spirituous liquor in an original, unopened, container for consumption off the business premises.

"Membership fee" or "cover charge," as used in A.R.S. § 4-244.05, means any consideration, direct or indirect, paid to a business establishment to gain entry to the business establishment.

"Minimum purchase" or "rental requirement," as used in A.R.S. § 4-244.05, means any consideration, direct or indirect, paid to a business establishment for permission to remain on the business premises.

"Nonuse" means a license is not used to engage in business activity authorized by the license for at least 30 consecutive days.

"Out-of-state producer license" (Series 2) means a document issued to an entity that produces, exports, imports, or rectifies spirituous liquor outside of Arizona and ships the spirituous liquor to a wholesaler.

Party" has the same meaning as prescribed in A.R.S. § 41-1001.

"Producer" means the holder of an in-state, out-of-state, or limited out-of-state producer license.

"Quota license" means a bar, beer and wine bar, or liquor store license, the number of which can be issued is limited by the population of the county in which the license will be used to operate a business.

"Rectify" means to color, flavor, or otherwise process spirituous liquor by distilling, blending, percolating, or other processes.

"Reset" means a wholesaler removes an expired spirituous liquor from the business premises of a licensed retailer and replaces the expired product with an unexpired spirituous liquor.

"Restaurant license" (Series 12) means a document issued to a restaurant, as defined in A.R.S. § 4-205.02, that allows the restaurant to sell spirituous liquor for consumption only on the restaurant premises.

"Restaurant continuation license" means a document issued to the holder of a restaurant license that allows the business to continue to operate under the restaurant license after it is determined that food sales comprise at least 30 percent but less than 40 percent of the business's gross revenue.

"Restructure" means to change the organizational form of a business without changing ownership of the business.

"Second-party purchaser" means an individual who is of legal age to purchase spirituous liquor in Arizona and buys spirituous liquor for an individual who is not of legal age to purchase spirituous liquor in Arizona.

"Special event license" (Series 15) means a document issued to a charitable, civic, fraternal, political, or religious organization that allows the organization to sell spirituous liquor only for the period authorized by the license for consumption on or off the premises where the spirituous liquor is sold.

"Small restaurant" means a business establishment with facilities to prepare and serve food to a maximum of 40 people at one time.

"Split-premises entertainment" means entertainment that is provided for individuals who may not be of legal drinking age on a portion of a licensed premises that is separated in a manner that prevents the individuals from accessing the remainder of the licensed premises where spirituous liquor is sold or consumed.

"Transfer" means to:

Move a business operated under a license from one location to another location within the same county; or

Change ownership, directly or indirectly, in whole or in part, of a licensed business.

"Wholesaler license" (Series 4) means a document issued to a wholesaler, as prescribed at A.R.S. § 4-243.01, that allows the wholesaler to warehouse and distribute spirituous liquor to a licensed retailer.

"Wine festival or fair license" (Series 16) means a document issued to a domestic farm winery that allows the domestic farm winery, during the period authorized by the license, to serve samples of its products and sell the products in individual portions for consumption on the premises where sold or in original, unopened, containers for consumption off the premises where sold.

R19-1-102. Repealed Determining Whether to Grant a License for a Certain Location

To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Department shall consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property in close proximity to the proposed premises;
2. The number and types of licenses in close proximity to the proposed premises;
3. Evidence that all necessary licenses and permits have been obtained from the state and all other governing bodies;
4. The residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;
5. Residential and commercial population density in close proximity to the proposed premises;
6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;
7. Effect on vehicular traffic in close proximity to the proposed premises;
8. The compatibility of the proposed business with other activity in close proximity to the proposed premises;
9. The effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;
10. The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;
11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses in close proximity to the proposed premises; and
12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

R19-1-103. Repealed Transfer of License

- A. The holder of a license issued under A.R.S. Title 4 and this Chapter shall not lease or sublease the license.
- B. Except as provided in subsection (C), the holder of a license issued under A.R.S. Title 4 and this Chapter shall not transfer any part of the license to another person or location.
- C. A bar, beer and wine bar, or liquor store licensee may transfer:

1. All or part of the license to another person who is qualified under A.R.S. § 4-203 to be a licensee;
or
 2. All of the license to another location in the same county if local governing authorities and the Department determine that the public convenience requires and the best interest of the community will be substantially served by transferring the license to the new location.
- D.** A bar, beer and wine bar, or liquor store licensee that wishes to transfer the licensed business to another location in the same county shall apply to the Director for a license at the new location.
- E.** If a bar, beer and wine bar, or liquor store licensee transfers all or part of the licensed business to another person qualified to be a licensee, the transferee shall apply to the Director for a license issued in the transferee's name.
- F.** If all or part of a bar, beer and wine bar, or liquor store licensed business is transferred to another person qualified to be a licensee, the transferee may apply to the Director for an interim permit at the same time that the transferee applies for a bar, beer and wine bar, or liquor store license in the transferee's name.

R19-1-104. Repealed Fees and Surcharges

- A.** The fees and surcharges collected by the Department are established by statute.

- B. Except as provided in subsections (I) through (K), when a person applies for a license or for the transfer of a license, the person shall pay a non-refundable application fee of \$100.
- C. After a license other than a special event, wine festival or fair, or direct shipment license is approved but before the license is issued, the person that applied for the license shall pay the issuance fee and all applicable surcharges. If the license will be issued less than six months before it is scheduled to be renewed, the person that applied for the license shall also pay one-half of the annual renewal fee.
- D. After a new bar, beer and wine bar, or liquor store license is approved but before the license is issued, the person that applied for the license shall pay the fair market value of the license as determined by the Department.
- E. After a restaurant continuation license is approved but before the license is issued, the person that applied for the license shall pay a one-time fee of \$30,000.
- F. A licensee shall pay the annual renewal fee established under A.R.S. 4-209(D). A licensee that fails to submit a renewal application by the deadline established by the Department shall pay a penalty of \$150 in addition to the annual renewal fee.
- G. Before a bar, beer and wine bar, or liquor store license is issued to a transferee, the transferee shall pay a \$300 issuance fee.
- H. Before a bar, beer and wine bar, or liquor store license is transferred to another location within the county, the licensee shall pay a \$100 issuance fee.
- I. As established by A.R.S. § 4-203.02, the fee for a special event license is \$25 per day.
- J. As established by A.R.S. A.R.S. § 4-203.03, the fee for a wine festival or fair license is \$15 per event.
- K. Under the authority provided by A.R.S. A.R.S. § 4-203.04, the Director establishes and shall collect from an applicant an application fee of \$25 for a direct shipment license.
- L. The following fees also apply:
 - 1. For an interim permit, \$100;
 - 2. For a change of agent, \$100 for the first license and \$50 for all other licenses held by the same licensee to a maximum of \$1,000; and
 - 3. For registration of a retail agent, \$5.
- M. At the time of application for a license, an individual required under A.R.S. Title 4 or this Chapter to submit fingerprints for a criminal history background check, shall pay the charge established by the Department of Public Safety for processing the fingerprints.

R19-1-105. Repealed- Obtaining a Quota License

- A. The number of quota licenses that the Department may issue in a county is based on the population of the county.

- B. Before issuing a new quota license in a particular county, the Department shall provide notice through available media of its intent to issue a new quota license and invite applications from interested persons in the county.
- C. To apply for a new quota license, an applicant shall comply with the application procedures in R19-1-203 and submit the non-refundable application fee required under R19-1-104(B).
- D. If the number of applicants for a new quota license exceeds the number of available licenses, the Department shall use a random selection method to determine the priority of applicants.
- E. Before a new quota license is issued to a successful applicant, the applicant shall pay:
 - 1. The issuance fee and applicable surcharges prescribed under A.R.S. § 4-209;
 - 2. One-half of the annual renewal fee if the license will be issued less than six months before it is scheduled to be renewed; and
 - 3. The fair market value of the quota license, as determined by the Department.
- F. A person that is unable to obtain a new quota license may obtain an existing quota license on the open market or through a broker and apply to the Department for an interim license at the same time that the person applies to have the quota license transferred to the person's name.

R19-1-106. Repealed Licensing Time-frames

- A. For the purpose of compliance with A.R.S. § 41-1073, the Department establishes time-frames that apply to licenses issued by the Department. The licensing time-frames consist of an administrative completeness review time-frame, a substantive review time-frame, and an overall time-frame as defined in A.R.S. § 41-1072.
- B. Except as provided in subsection (C), the time-frame for the Department to act on a license application is as follows:
 - 1. Administrative completeness review time-frame: 75 days;
 - 2. Substantive review time-frame: 30 days; and
 - 3. Over-all time-frame: 105 days.
- C. The time-frame for the Department to act on an application for a special event license, wine festival or fair license, extension of business premises or patio permit, or approval of a liquor law training course is as follows:
 - 1. Administrative completeness review time-frame: 10 days;
 - 2. Substantive review time-frame: 20 days; and
 - 3. Over-all time-frame: 30 days.
- D. Administrative completeness review time-frame.
 - 1. The administrative completeness review time-frame begins when the Department receives an

application. During the administrative completeness review-time-frame, the Department shall notify the applicant in writing when the application is incomplete. The Department shall ensure that the notice specifies what information or document is required to make the application complete.

2. An applicant with an incomplete application shall supply the missing information or document within 30 days from the date of the notice or within the time specified by the Department. The administrative completeness review and over-all time-frames are suspended from the date of the notice of incomplete application until the date the Department receives the missing information or document.
3. If an applicant fails to submit the missing information or document within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new application and application fee.

E. Substantive review time-frame.

1. The substantive review time-frame begins when an application is administratively complete or at the end of the administrative completeness review time-frame listed in subsection (B)(1) or (C)(1). If a hearing is required under A.R.S. § 4-201 regarding the license application, the Department shall ensure that the hearing occurs during the substantive review time-frame.
2. If the Department determines during the substantive review that additional information is needed, the Department shall send the applicant a comprehensive written request for additional information. An applicant from whom additional information is requested shall supply the additional information within 30 days from the date of the request or within the time specified by the Department. Both the substantive review and over-all time-frames are suspended from the date of the Department's request until the date that the Department receives the additional information.
3. If an applicant fails to submit the requested information within the specified time, the Department shall close the file. An applicant whose file is closed may apply again for a license by submitting a new application and application fee.

F. Within the overall time-frame, the Department shall:

1. Deny a license to an applicant if the Department determines that the applicant does not meet all the substantive criteria required by A.R.S. Title 4 and this Chapter; or
2. Grant a license to an applicant if the Department determines that the applicant meets all the substantive criteria required by A.R.S. Title 4 and this Chapter.

G. If the Department denies a license under subsection (F)(1), the Department shall provide a written notice of denial to the applicant that explains:

1. The reason for the denial, with citations to supporting statutes or rules;
2. The applicant's right to appeal the denial;
3. The time for appealing the denial; and
4. The applicant's right to request an informal settlement conference.

R19-1-107. Repealed- Liquor Law Training Course: Minimum Standards

A. As required by A.R.S. § 4-112(G)(2), the Department establishes the following minimum standards for a liquor law training course.

1. A provider of a training course regarding basic liquor law applicable to an on-sale retail business establishment shall include the following information in the basic training course:
 - a. General law regarding spirituous liquor (40 minutes).
 - i. Role and function of the Arizona Department of Liquor Licenses and Control,
 - ii. Potential legal risks to a licensee,
 - iii. Potential legal risks to an employee of a licensed business; and
 - iv. Types and privileges of on-sale retail licenses,
 - b. Law regarding a business establishment (25 minutes).
 - i. The licensed premises,
 - ii. Entertainment within or on the licensed premises including private parties or gambling on the licensed premises, and
 - iii. Violence on the licensed premises;
 - c. Law regarding age (50 minutes).
 - i. Legal age in Arizona for purchase of spirituous liquor,
 - ii. When to require identification of legal age,
 - iii. Acceptable identification of legal age,
 - iv. Recognizing invalid identification of legal age,
 - v. Recording evidence of identification of legal age,
 - vi. Underage individuals in a bar or restaurant at which spirituous liquor is served, and
 - vii. Refusing to sell spirituous liquor to an underage individual;
 - d. Law regarding intoxication (60 minutes).
 - i. Selling spirituous liquor to an intoxicated individual,
 - ii. Service limitations regarding sales of spirituous liquor,
 - iii. The effect of consumption of spirituous liquor,
 - iv. Monitoring customer consumption and intervention techniques, and
 - v. Refusing service to an intoxicated individual;

- e. Law regarding legal hours of sale and payment for spirituous liquor (20 minutes); and
- f. Course summary (10 minutes).
 - i. Review and summary of course content, and
 - ii. Distribution of certificates of completion.
- 2. A provider of a management training course regarding liquor law applicable to an on-sale retail business establishment shall include the following information in the management training course:
 - a. Law enforcement regarding spirituous liquor (15 minutes).
 - i. Inspection of premises;
 - ii. Covert underage buyer program;
 - iii. Administrative liability;
 - iv. Criminal liability; and
 - v. Civil liability, including dram-shop liability;
 - b. Business premises (10 minutes).
 - i. Diagramming business premises,
 - ii. Altering business premises,
 - iii. Changing name of licensed business, and
 - iv. Patio requirements;
 - c. Liquor license (10 minutes).
 - i. Posting license,
 - ii. Renewing license,
 - iii. Required recordkeeping,
 - iv. Employee roster,
 - v. Change in active or nonuse status, and
 - vi. Audit of licensed business;
 - d. Management requirements (10 minutes).
 - i. Defining who is a manager,
 - ii. Changing managers,
 - iii. Changing agents, and
 - iv. Filing required forms;
 - e. Required policies regarding spirituous liquor (45 minutes).
 - i. Purchase and storage requirements,
 - ii. Management requirements,
 - iii. Employee requirements,

- iv. Licensee policies, and
 - v. Marketing strategies;
 - f. General business practices (55 minutes).
 - i. Sources of spirituous liquor,
 - ii. Credit purchase of spirituous liquor,
 - iii. Delivering spirituous liquor,
 - iv. Off-premise storage of spirituous liquor,
 - v. Wholesaler and retailer relationship,
 - vi. Cooperative purchase of spirituous liquor,
 - vii. Retail coupons,
 - viii. Advertising,
 - ix. Inducements,
 - x. Warning signs regarding consumption of spirituous liquor,
 - xi. Locking entrance to the licensed premises,
 - xii. Employee service and consumption of spirituous liquor, and
 - xiii. Owner service and consumption of spirituous liquor;
 - g. Disorderly conduct and acts of violence (10 minutes).
 - i. Defining disorderly conduct, acts of violence, and licensed premises;
 - ii. Maintaining order on the licensed premises;
 - iii. Reporting an act of violence;
 - iv. Repeated acts of violence; and
 - v. Firearms within or on the licensed premises; and
 - h. Course summary (10 minutes). The activities specified under subsection (A)(1)(f).
- 3. A provider of a training course regarding basic liquor law applicable to an off-sale retail business establishment shall include the following information in the basic training course:
 - a. General law regarding spirituous liquor (15 minutes). The information specified under subsections (A)(1)(a)(i) through (A)(1)(a)(iii);
 - b. Law regarding age (20 minutes).
 - i. The information specified under subsections (A)(1)(c)(i) through (A)(1)(c)(iv) and (A)(1)(c)(vii), and
 - ii. Use of a registration book;
 - c. Law regarding intoxication (20 minutes).
 - i. The information specified under subsections (A)(1)(d)(i) and (A)(1)(d)(v), and
 - ii. Recognizing intoxication in an individual;

- d. Law regarding sale of broken packages and on-premises consumption (20 minutes).
 - i. Definition of broken package and on-premises consumption.
 - ii. Off-sale business premises restrictions.
 - iii. Advising a customer of off-sale consumption restrictions.
 - iv. Opening or consuming spirituous liquor on the licensed premises, and
 - v. Consuming spirituous liquor in parking area or property adjacent to licensed premises;
- e. Law regarding sale of spirituous liquor during restricted hours (10 minutes).
 - i. Legal hours of sale in Arizona, and
 - ii. Refusing an after-hour sale;
- f. Law regarding second-party sales of spirituous liquor (25 minutes).
 - i. Definition of second-party sale.
 - ii. Licensee responsibilities regarding second-party purchases.
 - iii. Recognizing a second-party purchaser.
 - iv. Preventing a second-party sale, and
 - iii. Refusing to sell to a second-party purchaser;
- g. Management of problem situations (20 minutes).
 - i. Kinds of problem situations that may arise.
 - ii. Recognizing a problem situation, and
 - iii. Employee responsibilities in a problem situation; and
- h. Course summary (10 minutes). The activities specified under subsection (A)(1)(f).
- 4. A provider of a management training course regarding liquor law applicable to an off-sale retail business establishment shall include the following information in the management training course:
 - a. Law enforcement regarding spirituous liquor (15 minutes). The information specified under subsection (A)(2)(a);
 - b. Business premises (10 minutes). The information specified under subsections (A)(2)(b)(i) through (A)(2)(b)(iii);
 - c. Liquor license (15 minutes).
 - i. The information specified under subsections (A)(2)(c)(i) through (A)(2)(c)(iv), and
 - ii. Types and privileges of off-sale retail licenses;
 - d. Management requirements (10 minutes). The information specified under subsection (A)(2)(d);
 - e. General business practices (40 minutes).
 - i. The information specified under subsections (A)(2)(f)(i) through (A)(2)(f)(ix), and

- ii. Drive-through purchase of spirituous liquor;
- f. Disorderly conduct and acts of violence (10 minutes). The information specified under subsection (A)(2)(g); and
- g. Course summary (10 minutes). The activities specified under subsection (A)(1)(f).
- 5. A provider of a training course regarding basic liquor law applicable to an on-sale retail business establishment that has off-sale privileges shall ensure that the course addresses all unduplicated requirements specified under subsections (A)(1) and (A)(3).
- 6. A provider of a management training course regarding liquor law applicable to an on-sale retail business establishment that has off-sale privileges shall ensure that the course addresses all unduplicated requirements specified under subsections (A)(2) and (A)(4).
- 7. A provider of a liquor law training course shall ensure that the training is provided by an individual who does not have an employer or employee relationship with any of the individuals attending the training course. If a provider of a liquor law training course holds at least 20 licenses, the provider is exempt from this requirement;
- 8. A provider of a liquor law training course shall issue a certificate of completion to each individual who completes the training course. The training provider shall ensure that the certificate of completion contains the following information:
 - a. Name of the individual completing the training course;
 - b. Date on which the training course is completed;
 - c. Whether the training course focused on on-sale or off-sale retail requirements or a combination of both;
 - d. Whether the training course addressed basic or management information or a combination of both;
 - e. Name of the licensee, if any, by whom the individual is employed; and
 - f. Name of individual or entity providing the training course; and
- 9. A provider of a liquor law training course shall:
 - a. Maintain a copy of all certificates of completion issued under subsection (A)(8) for two years; and
 - b. Submit to the Department by January 15 and July 15 of each year a roster that provides the following information about the liquor law training course:
 - i. Each date on which the training course was taught during the previous six months;
 - ii. Whether the training course focused on on-sale or off-sale retail requirements or a combination of both;

- iii. Whether the training course focused on basic or management information or a combination of both; and
 - iv. The name and telephone number of each participant in each training course.
 - B. To apply for approval of a liquor law training course, the provider of the training course shall comply with the requirements at R19-1-217.
 - C. The provider of an approved liquor law training course shall, upon request, make the following available to the Department:
 - 1. Copies of the certificates of completion maintained under subsection (A)(8),
 - 2. A current training course outline,
 - 3. A copy of any materials provided to course participants, and
 - 4. A copy of any teaching aids used in the training course.
 - D. To enable the Department to monitor the quality and accuracy of liquor law training, the provider of an approved liquor law training course shall, upon request, inform the Department of when and where the training course will be taught.

R19-1-108. Reserved Intrastate Shipping Requirements

- A. An individual or entity, whether licensed or unlicensed under A.R.S. Title 4 and this Chapter, shall ensure that spirituous liquor shipped or offered for shipping within this state for a commercial purpose is in a container that is clearly and conspicuously labeled with the following information:
 - 1. Name of the individual or entity consigning or shipping the spirituous liquor;
 - 2. Name and address of the individual or entity to whom the spirituous liquor will be delivered; and
 - 3. Identification of the spirituous liquor.
- B. An individual who transports spirituous liquor other than beer from a wholesaler to a licensed retailer shall ensure that:
 - 1. The individual possesses a bill or memorandum from the wholesaler to the licensed retailer showing the:
 - a. Name and address of the wholesaler,
 - b. Name and address of the licensed retailer, and
 - c. Quantity and character of the spirituous liquor sold and transported; and
 - 2. The bill or memorandum referenced under subsection (B)(1) is exhibited on demand by any peace officer.

R19-1-109. Repealed Interstate Shipping Requirements

- A. An individual or entity that ships or offers for shipping spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:
1. The spirituous liquor is consigned to a wholesaler authorized to sell or deal in the particular spirituous liquor being shipped; and
 2. The spirituous liquor is placed for shipping with:
 - a. A common carrier or transportation company that is in compliance with all Arizona and federal law regarding operation of an interstate transportation business; or
 - b. The wholesaler to whom the spirituous liquor is consigned if the wholesaler is authorized by the Department to transport interstate the spirituous liquor.
- B. A common carrier or transportation company hired to transport spirituous liquor from a point outside Arizona to a final destination in Arizona shall ensure that:
1. The common carrier or transportation company maintains possession of the spirituous liquor from the time the spirituous liquor is placed for shipping until it is delivered; and
 2. The spirituous liquor is delivered to the licensed premises of the wholesaler to whom the spirituous liquor is consigned.

R19-1-110. ~~Reserved Solicitation Prohibited~~

- A. An individual or entity shall not send, issue, or publish or cause to be sent, issued, or published a letter, postcard, circular, leaflet, pamphlet, or other publication that:
1. Solicits an order for spirituous liquor from and shipment to a customer or retail licensee in Arizona; or
 2. Contains an advertisement that solicits an order for spirituous liquor that is contrary to A.R.S. Title 4 or this Chapter.
- B. A newspaper or other publication of general circulation in Arizona may accept advertising from a distillery, brewery, winery, rectifier, or wholesaler if the advertising does not violate subsection (A).

R19-1-111. ~~Repealed Standards for a Non-contiguous Area of a Licensed Premises~~

When an application is made for inclusion of a non-contiguous area in a licensed premises, the Department shall approve inclusion of the non-contiguous area only if the following standards are met:

1. The public convenience requires and the best interest of the community will be substantially served by approving inclusion of the non-contiguous area in the licensed premises;
2. The non-contiguous area does not violate A.R.S. § 4-207;
3. The non-contiguous area will be a permanent part of the licensed premises;

4. The walkway or driveway that separates the non-contiguous area from the remainder of the licensed premises is no more than 30 feet wide;
5. The non-contiguous area is completely enclosed by a permanently installed fence that is at least three feet in height;
6. Construction of the business premises in the non-contiguous area complies with all applicable building and safety standards;
7. There is no point within the non-contiguous area from which spirituous liquor is sold or dispensed; and
8. The licensee demonstrates control of the taking of spirituous liquor between the non-contiguous area and the remainder of the licensed premises.

R19-1-112. Severability

In this Chapter, the subsections of each Section are severable and each Section is severable from the Chapter. If a Section or subsection or the application of a Section or subsection to a particular individual, entity, or circumstance is held to be invalid, the invalidity does not affect the validity of other Sections or subsections and does not affect the validity of the Section or subsection to a different individual, entity, or circumstance.

ARTICLE 2. REPEALED LICENSING

R19-1-201. Repealed License Required

Unless exempt under A.R.S. § 4-226 or within the exception allowed under A.R.S. § 4-244.05(I) and R19-1-211, a person shall obtain a license from the Department before the person manufactures, sells, or deals in spirituous liquors.

R19-1-202. Repealed Who May Apply for a License

A. Pre-requisites for a license under A.R.S. Title 4 and this Chapter.

1. If an individual applies for a license, the individual shall be:
 - a. A citizen of the United States or a legal resident alien, and
 - b. A bona fide resident of Arizona;
2. If a partnership applies for a license, each partner shall meet the criteria in subsection (A)(1);

3. If a corporation or limited liability company applies for a license, the corporation or limited liability company shall be:
 - a. Qualified to do business in Arizona, and
 - b. Hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
 4. If a limited partnership applies for a license:
 - a. An individual general partner shall meet the criteria in subsection (A)(1),
 - b. A corporate general partner shall meet the criteria in subsection (A)(3), and
 - c. A limited partner shall meet the criterion in subsection (A)(1)(a);
 5. If a club or governmental entity applies for a license, the club or governmental entity shall hold the license through an agent who is an individual that meets the criteria in subsection (A)(1);
 6. Except as provided in subsection (A)(7), if an out-of-state entity applies for a license, the out-of-state entity shall meet the criteria in subsection (A)(3); and
 7. If an out-of-state entity applies for an out-of-state producer or limited out-of-state producer license, the out-of-state entity shall hold the license through an agent who is an individual that meets the criterion in subsection (A)(1)(a) and the out-of-state entity shall meet the criterion in subsection (A)(3)(a).
- B.** The Department shall accept the following as evidence that an individual is a citizen of the United States or a legal resident alien:
1. Birth certificate,
 2. U. S. passport,
 3. Certificate of naturalization, or
 4. Permanent resident alien card.
- C.** The Department shall accept a driver license or voter registration card as evidence that an individual is a bona fide resident of Arizona.
- D.** The Department shall accept a copy of the following, as filed with the Arizona Corporation Commission, as evidence that an entity is qualified to do business in Arizona:
1. Articles of Incorporation,
 2. Articles of Organization,
 3. Application for Authority to Transact Business in Arizona, or
 4. Application for Registration.

R19-1-203. Repealed Application Requirements for a Liquor License

- A.** Except as provided in R19-1-204 through R19-1-208, to apply for a liquor license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, and provide the following information:
1. Identification of the kind of application being submitted;
 2. Identification of the manner in which a license will be owned;
 3. Type of license for which application is made;
 4. The following information regarding the applicant:
 - a. Name of individual applicant or agent;
 - b. Name of entity for which an agent is making application;
 - c. Name of business as it appears on the exterior of the business premises;
 - d. Business and mailing addresses;
 - e. Business telephone numbers;
 - f. A statement whether the business will be located within the incorporated limits of a city or town; and
 - g. If application is made to transfer a bar, beer and wine bar, or liquor store license from one person to another, the amount that the transferee paid for the license;
 5. If application is made for an interim permit:
 - a. Number of the license currently assigned to the business location,
 - b. A statement whether the current license is being used and if not, a statement regarding how long it has been in nonuse status; and
 - c. Notarized signature of the current owner of the license;
 6. If application is made by an individual or partnership:
 - a. Name and residential address of the individual or each partner;
 - b. The percentage of the business owned by the individual or each partner;
 - c. A statement whether each partner is a general or limited partner; and
 - d. A statement whether any other person will share in the profits or losses of the business and if so, the name and residential address and telephone number of the person;
 7. If application is made by a corporation or limited liability company:
 - a. Name of the corporation or limited liability company;
 - b. Date on which incorporated or organized;
 - c. State where incorporated or organized;
 - d. For a corporation, the Arizona Corporation Commission file number and date authorized to do business in Arizona;

- e. For a limited liability company, the Arizona Limited Liability Company file number and date registered to do business in Arizona;
 - f. A statement whether the corporation or limited liability company is non-profit and if so, the tax-exempt number assigned by the Internal Revenue Service;
 - g. Name, title, and residential address of each director or officer;
 - h. Name, residential address, and percent ownership of each individual who owns at least 10 percent of the corporation or limited liability company; and
 - i. If the corporation or limited liability company is owned by another entity, the information specified in subsections (A)(7)(g) and (A)(7)(h) for the parent entity;
8. If application is made for a club license:
- a. Name of the club;
 - b. Date on which the club was chartered;
 - c. A statement whether the club is non-profit and if so, the tax-exempt number assigned by the Internal Revenue Service; and
 - d. Name, title, and residential address of each director or officer;
9. If application is made under probate, will assignment, or divorce decree:
- a. Name of current licensee;
 - b. Name of assignee; and
 - c. License type, number, and date of last renewal;
10. If application is made by a county, city, town, or state university or the Arizona Exposition and State Fair Board, the name of the manager or other individual designated to administer the license;
11. If application is made to transfer a quota license from the current licensee to another person:
- a. Name of the current licensee;
 - b. Name of the entity, if any, currently licensed;
 - c. Current business name;
 - d. Current business and mailing addresses;
 - e. License type, number, and date of last renewal;
 - f. A statement whether all creditors and lien and interest holders have been notified of the transfer;
 - g. A statement whether the transferee intends to operate the business while the transferee's application for licensure is pending; and
 - h. Notarized signature of the current licensee affirming that the current licensee is relinquishing all rights to the license;

12. If application is made to transfer a quota license from one location to another location in the same county:
- a. Current name and address of the licensed business;
 - b. Name of the business and address to which the license will be move;
 - c. License type, number, and date of last renewal;
 - d. Date on which the business will be moved; and
 - e. Date on which the business will open at its new location;
13. If application is made by a restaurant, hotel, or motel:
- a. A statement whether there is a valid restaurant, hotel, or motel license at the proposed location and if so, the name of the current licensee and license number; and
 - b. A statement whether the applicant understands that at least 40 percent of gross revenue must be from food sales;
14. If application is made by an in-state applicant:
- a. Distance from the business premises to the nearest school and the name and address of the nearest school;
 - b. Distance from the business premises to the nearest church and the name and address of the nearest church;
 - c. A statement whether the applicant is the lessee, sub-lessee, owner, or purchaser of the business premises;
 - d. If the business premises are leased:
 - i. Name and address of the lessor,
 - ii. Amount of monthly rental or lease rate,
 - iii. Remaining term of lease, and
 - iv. Penalty for breach of the lease;
 - e. Applicant's total business indebtedness for the license and business premises excluding the monthly rental or lease rate;
 - f. A statement whether more than 10 percent of the amount referenced in subsection (A)(14)(e) is owed to one creditor;
 - g. Name, residential address, and percent owed to each creditor of the amount referenced in subsection (A)(14)(e);
 - h. Type of business for which the license will be used;
 - i. A statement whether a license, including a license transfer, has been denied for the business premises within the past year and if so, an explanation;

- j. A statement whether a manufacturer or wholesaler of spirituous liquor or an employee of a manufacturer or wholesaler of spirituous liquor has an interest in the business for which the license will be used;
- k. A statement whether there is a current liquor license applicable to the business premises and if so, the name of the licensee and license number;
- l. Diagram that gives the square footage or outside dimensions of the business premises, shows where spirituous liquor will be sold, served, consumed, dispensed, possessed, or stored, and clearly marks:
 - i. Entrances and exits;
 - ii. Drive-in windows;
 - iii. Service windows;
 - iv. Spirituous liquor storage areas; and
 - v. Patio enclosures.
- m. If the business premises are under construction, the estimated date of completion;
- n. Drawing that identifies all streets within a one-mile radius of the business premises, shows the location of all churches, schools, and spirituous liquor outlets within the one-mile radius, and is accompanied by a list of the names of the churches, schools, and spirituous liquor outlets within the one-mile radius; and

15. Notarized signature of applicant.

- B.** In addition to submitting the application form required under subsection (A), an applicant shall ensure that every individual who owns at least 10 percent of the business to be licensed, officers, directors, or members of the business, and the agent and manager of the business submits the following to enable the Department to conduct a criminal history background check:

- 1. A background questionnaire, which is available from the Department, providing the following information:
 - a. Name;
 - b. Date and place of birth;
 - c. Social Security number;
 - d. Height, weight, and eye and hair colors;
 - e. Marital status;
 - g. State of residency and if a resident of Arizona, date of residency;
 - h. Residential and business telephone numbers;
 - i. Name, address, and telephone number of the business premises for which the license will be used;

- j. A statement whether the business premises are currently licensed and is so, the license number;
- k. Employment history for the last five years;
- l. Residential addresses for the last five years;
- m. A statement whether:
 - i. The individual has ever been detained, cited, arrested, indicted, or summoned to court for a violation of law or ordinance;
 - ii. The individual has ever been convicted, fined, posted bond, ordered to deposit bail, imprisoned, or placed on probation or parole or ever had a sentence suspended for a violation of law or ordinance;
 - iii. An administrative law citation, compliance action or consent, or criminal arrest, indictment, or summons is pending against the individual or an entity in which the individual is involved;
 - iv. The individual or an entity in which the individual has been an owner, officer, director, member, director, or manager ever had a business, professional, or liquor application or license rejected, denied, revoked, suspended, or fined in any state;
 - v. Suit has been filed or a civil judgment obtained against the individual for fraud or misrepresentation involving a business, professional, or liquor license; and
 - vi. The individual is or ever has been an owner, controlling person, officer, director, member, or manager of a liquor license in any state;
- n. If the individual owns at least 10 percent of the business to be licensed or is an officer, director, member, or agent of the business, a statement whether the individual:
 - i. Will be physically present and operating the business premises and if so, the number of hours each day that the individual expects to be physically present and operating the business premises; and
 - ii. Has attended a Department-approved training course regarding liquor laws within the last five years;
- o. If the individual is the manager of the business premises, a statement whether the individual:
 - i. Has attended a Department-approved training course regarding liquor laws within the last five years;
 - ii. Is making payments to the licensee and if so, the total debt owed to the licensee and the amount paid monthly; and
 - iii. Has a formal written contract or agreement with the licensee relating to operation or management of the business;

- p. Notarized signature of the applicant indicating that the information provided is true, correct, and complete; and
 - q. If the applicant is the manager of the business premises, the notarized signature of the licensee or agent authorizing the applicant to act as manager;
- 2. A completed fingerprint card and the fee required for processing the fingerprints;
- 3. If the answer to any item in subsection (B)(1)(m) is yes, a signed statement giving complete details including dates, agencies involved, and dispositions;
- 4. Evidence of completing the Department-approved training course regarding liquor laws within the last five years;
- 5. Evidence referenced in R19-1-202(B) of being a U.S. citizen or legal resident alien if required under R19-1-202(A);
- 6. Evidence referenced in R19-1-202(C) of being an Arizona resident if required under R19-1-202(A); and
- 7. If the answer to subsection (B)(1)(o)(iii) is yes, a copy of the formal written contract or agreement.
- C.** In addition to submitting the information required under subsections (A) and (B):
 - 1. An applicant that is a corporation or a limited liability company shall submit:
 - a. A copy of the Articles of Incorporation or Organization, and
 - b. Evidence referenced in R19-1-202(D) of being qualified to do business in Arizona;
 - 2. An applicant for an interim permit shall submit the license currently issued for the business premises;
 - 3. An applicant for a club license shall submit a copy of the club charter or bylaws; and
 - 4. An applicant who is an assignee applying under probate, will assignment, or divorce decree shall submit a certified copy of the will, probate distribution instrument, or divorce decree.
- D.** In addition to submitting the information required under subsections (A) through (C), an applicant shall submit the non-refundable application fee listed at R19-1-104(B).
- E.** Additional requirement for a hotel-motel or restaurant license. In addition to submitting the information required under subsections (A) through (D), an applicant for a hotel-motel or restaurant license shall submit the following to enable the Department to determine whether the applicant is equipped to keep, cook, prepare, and regularly serve food to guests for compensation:
 - 1. A Restaurant Operation Plan, using a form available from the Department, that includes the following information:
 - a. License number, if one currently exists for the business premises;
 - b. Name of the restaurant;

- c. Make, model, and capacity of various pieces of restaurant equipment;
 - d. Seating capacity of the restaurant and bar areas of the business premises and the total area of the business premises;
 - e. A statement whether the dinnerware and utensils used within the restaurant are reusable or disposable;
 - f. A statement whether the bar area is separate from the restaurant area and if so, the percentage of public floor space of the business premises occupied by the bar area;
 - g. Percentage of public floor space of the business premises occupied by the restaurant area;
 - h. A statement whether the restaurant contains games or a television;
 - i. A statement whether the restaurant provides entertainment or dancing;
 - j. List of the employee positions and the duties of each position required to staff the business fully; and
 - k. Notarized signature of the applicant affirming that the information provided is true, correct, and complete;
- 2. Copy of the restaurant menu showing all food served and prices; and
 - 3. Signed and notarized copy of Records Required for Audit of Hotel-Motel or Restaurant Licenses, a form available from the Department.

R19-1-204. Repealed Application Requirements for an Out-of-state or Limited Out-of-state Producer License

- A.** To apply for an out-of-state or limited out-of-state producer license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, and provide the following information:
 - 1. Identification of the kind of application being submitted;
 - 2. Identification of the manner in which a license will be owned;
 - 3. Name of applicant or agent;
 - 4. Name of business as it appears on the exterior of the business premises;
 - 5. Business and mailing addresses;
 - 6. Business and residential telephone numbers;
 - 7. Number of applicant's federal Alcohol, Tobacco, and Firearms permit;
 - 8. Number of applicant's liquor license issued by the state of residence, if any;
 - 9. A statement whether the applicant:
 - a. Has ever had an application for a business, professional, or liquor license rejected, denied, suspended, or revoked;

- b. Has had suit filed or a civil judgment obtained against the applicant for fraud or misrepresentation involving a liquor license;
 - c. Has ever been charged with or convicted of a felony;
 - d. Is familiar with Arizona liquor laws including this Chapter;
 - e. Agrees to provide notice to the Department of any proposed change to the business before making the change;
 - f. Agrees to keep all records, invoices, and other documents relating to the purchase, sale, or delivery of spirituous liquor for two years and to make them easily available for inspection; and
 - g. Consents to an investigation of the applicant's background and waives any cause of action relating to disclosure of the applicant's background information; and
10. Notarized signature of the applicant affirming that the information provided is true, correct, and complete.
- B.** If the answer to any item in subsections (A)(9)(a) through (A)(9)(c) is yes, the applicant shall attach a signed explanation giving dates, agencies involved, and disposition.
- C.** If the answer to any item in subsection (A)(9)(d) through (A)(9)(g) is no, the applicant shall attach a signed explanation giving complete details.
- D.** In addition to complying with subsections (A) through (C), an applicant for an out-of-state or limited out-of-state producer license shall submit:
- 1. A copy of the liquor license issued by the state of residence; or
 - 2. If the applicant does not have a liquor license issued by the state of residence, submit the information required under R19-1-203(B)(1) through (B)(3);
 - 3. Evidence referenced under R19-1-202(D) that the applicant is qualified to do business in Arizona;
 - 4. Evidence referenced under R19-1-202(B) that the applicant's agent is a citizen of the United States or legal resident alien; and
 - 5. The non-refundable application fee listed at R19-1-104(B).

R19-1-205. ~~Expired~~ Application Requirements for an Out-of-state Domestic Microbrewery or Domestic Farm Winery License

- A.** To apply for an out-of-state domestic microbrewery or domestic farm winery license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, that provides the information described at R19-1-204(A) through (C).

- B. If an application is for an out-of-state domestic farm winery license, the applicant shall provide the applicant's Arizona Transaction Privilege Tax number.
- C. If an applicant is not licensed to deal in spirituous liquor in the applicant's state of residence, the applicant shall submit the information described at R19-1-203(B)(1) through (B)(3) for every owner, agent, partner, member, officer, manager, and other controlling person of the business.
- D. An applicant shall attach to the information required under this Section:
 - 1. Evidence referenced under R19-1-202(D) that the applicant is qualified to do business in Arizona,
 - 2. Evidence referenced under R19-1-202(B) that the applicant's agent is a citizen of the United States or legal resident alien, and
 - 3. The non-refundable application fee required under R19-1-104(B).

R19-1-206. ~~Repealed~~ Application Requirements for a Special Event License

- A. To apply for a special event license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, and provide the following information:
 - 1. Name of the organization for which application is made;
 - 2. Organization's non-profit or tax-exempt number;
 - 3. Kind of organization;
 - 4. Purpose of the special event;
 - 5. Physical address of the special event;
 - 6. Applicant's name, mailing address, date of birth, and business and residential telephone numbers;
 - 7. Name, mailing address, and telephone number of the owner of the site where the special event will occur;
 - 8. Dates and hours of the special event;
 - 9. A statement whether the applicant has been convicted of a felony within the last five years or had a liquor license revoked and if yes, a complete explanation;
 - 10. The number of days for which the organization has been issued a special event license during the year;
 - 11. A statement whether the organization uses the services of a promoter or other person to manage the special event;
 - 12. Name and address of all individuals and organizations that will share proceeds from the special event and the percentage of proceeds that each will receive;
 - 13. Description of the security and control measures that will be taken to prevent violation of liquor laws at the special event;

14. A statement whether there is an existing liquor license at the location of the special event and if so, whether the licensed business agrees to suspend its liquor license during the time and at the location of the special event;
15. Notarized signature of an officer, director, or chairperson of the organization for which application is made;
16. Notarized signature of the applicant affirming that the information provided is true, correct, and complete; and
17. Signature of an official of the local governing body recommending that the special event application be approved.

B. In addition to the application form required under subsection (A), an applicant for a special event license shall submit:

1. A diagram of the premises where the special event will be held showing dimensions, serving areas, fencing, control measures, and security positions;
2. If the answer to subsection (A)(11) is yes, a copy of the agreement with the promoter or other person to manage the special event;
3. If the answer to subsection (A)(14) is yes, a copy of the agreement with the licensed business that will suspend its liquor license during the time and at the location of the special event; and
4. The fee specified at R19-1-104(H).

R19-1-207. Repealed-Application Requirements for a Wine Festival or Fair License

A. To apply for a wine festival or fair license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, and provide the following information:

1. Name of applicant;
2. Name of business holding a domestic farm winery license;
3. Domestic farm winery license number;
4. Physical address of the wine festival or fair;
5. Mailing address of the business;
6. Dates and hours of the wine festival or fair;
7. Name and address of the owner of the property at which the wine festival or fair will be held;
8. Telephone numbers of applicant and person identified under subsection (A)(7);
9. A statement whether the person identified under subsection (A)(7) has given permission for use of the site and sale of spirituous liquor;

10. A statement whether the spirituous liquor to be sold or served is only Arizona Domestic Farm Winery products;
 11. The number of days for which the applicant has been issued a wine festival or fair license during the year;
 12. Description of the security and control measures that will be taken to prevent violation of liquor laws at the wine festival or fair;
 13. Notarized signature of the applicant affirming that the information provided is true, correct, and complete; and
 14. Signature of an official of the local governing body recommending that the wine festival or fair application be approved.
- B.** In addition to the application form required under subsection (A), an applicant for a wine festival or fair license shall submit:
1. A diagram of the premises where the wine festival or fair will be held showing dimensions, serving areas, fencing, control measures, and security positions; and
 2. The fee specified at R19-1-104(J).

R19-1-208. Repealed Application Requirements for a Direct Shipment License

- A.** To apply for a direct shipment license, an individual or entity that meets the pre-requisites in R19-1-202 shall submit to the Department an application form, which is available from the Department, and provide the following information:
1. Identification of the kind of application being submitted;
 2. Identification of the manner in which a license will be owned;
 3. The following information regarding the applicant:
 - a. Name of individual applicant or agent,
 - b. Name of business as it appears on the exterior of the business premises,
 - c. Business and mailing addresses,
 - d. Business and residential telephone numbers,
 - e. Number of applicant's federal Alcohol, Tobacco, and Firearms permit, and
 - f. Number of applicant's liquor license issued by the state of residence;
 4. A statement whether the applicant:
 - a. Has ever had an application for a business, professional, or liquor license rejected, denied, suspended, or revoked;

- b. Has had suit filed or a civil judgment obtained against the applicant for fraud or misrepresentation involving a liquor license;
 - c. Has ever been convicted of a felony in any state or jurisdiction;
 - d. Is familiar with Arizona liquor laws including this Chapter;
 - e. Agrees to provide notice to the Department of any proposed change to the business before making the change;
 - f. Agrees to keep all records, invoices, and other documents relating to the purchase, sale, or delivery of spirituous liquor for two years and to make them easily available for inspection; and
 - g. Consents to an investigation of the applicant's background and waives any cause of action relating to disclosure of the applicant's background information;
- 5. Names and addresses of all wholesalers licensed in Arizona through which the applicant intends to ship spirituous liquor into Arizona;
 - 6. Names and addresses of each wholesaler in Arizona that received a shipment from the applicant within the previous three years and the number of shipments received by each wholesaler; and
 - 7. Notarized signature of the applicant affirming that the information provided is true, correct, and complete.
- B.** If the answer to any item in subsections (A)(4)(a) through (A)(4)(c) is yes, the applicant shall attach a signed explanation giving dates, agencies involved, and disposition.
- C.** If the answer to any item in subsection (A)(4)(d) through (A)(4)(g) is no, the applicant shall attach a signed explanation giving complete details.
- D.** In addition to complying with subsections (A) through (C), an applicant for a direct shipment license shall submit:
- 1. A copy of the liquor license issued by the state of residence.
 - 2. Evidence referenced under R19-1-202(D) that the applicant is qualified to do business in Arizona.
 - 3. Evidence referenced under R19-1-202(B) that the applicant's agent is a citizen of the United States or legal resident alien, and
 - 4. The fee listed at R19-1-104(K).
- E.** A direct shipment license is valid for three years and is not renewable. The holder of a direct shipment license may apply for a new direct shipment license not more than 90 days before the current direct shipment license expires.

R19-1-209. Repealed Registration of a Retail Agent

A. Pre-requisites for registration as a retail agent. A person may act as a retail agent only if the person:

1. Is a licensed retailer or holds a club license;
2. Has a written Cooperative-purchase Agreement, using a form available from the Department, with one or more persons licensed in a manner described in subsection (A)(1); and
3. Submits the materials required under subsections (B) and (C) to the Department.

B. To register as a retail agent, a person shall submit to the Department an application, on a form available from the Department, that provides the following information:

1. About the licensed business:
 - a. License number of business;
 - b. Name and address of business;
 - c. Name of licensed corporation or limited liability company, if applicable; and
 - d. Telephone number of business;
2. About the licensee:
 - a. Licensee's name,
 - b. Mailing address of licensee, and
 - c. Business and residential telephone numbers of licensee;
3. About the agent:
 - a. Agent's name;
 - b. Date and place of birth of agent; and
 - c. Height, weight, and eye and hair colors of agent; and
4. Notarized signature of agent affirming that the licensee will comply with all laws and this Chapter regarding cooperative purchases and that all information provided is true, correct, and complete.

C. In addition to submitting the application form required under subsection (B), a licensee shall submit:

1. A copy of every Cooperative-purchase Agreement reached with another licensee; and
2. The fee prescribed at R19-1-104(L)(3).

R19-1-210. Repealed Application for Agent Change, Acquisition of Control, or Business

Restructure

A. Within 15 business days, notice shall be provided to the Department as follows:

1. By a new agent if a licensee appoints a new agent;
2. By a person acquiring control of a licensed business; and
3. By the current agent, corporate officer, or controlling member if a licensed business is restructured.

B. A person providing notice under this Section shall use a form available from the Department and include the following information:

1. Name of the person providing notice;
2. Number of the liquor license about which notice is provided;
3. Name of the corporation or limited liability company, if applicable, and the file number with the Arizona Corporation Commission;
4. Name of licensed business;
5. Physical and mailing addresses of the licensed business;
6. Business and residential telephone numbers of the person providing notice;
7. A statement whether the transaction about which notice is provided involves:
 - a. The sale of any portion of corporate stock; or
 - b. A change of an officer;
8. Name, title, and residential address of every individual who is an owner, partner, director, officer, or member of the licensed business;
9. Name and residential address of every individual who owns at least 10 percent of the licensed business and the percentage of the licensed business owned by each;
10. If the notice is about a change of agent:
 - a. A statement whether the new agent will be physically present and operating the licensed premises and if so, whether the new agent has attended a Department-approved training course regarding liquor laws within the last five years; and
 - b. Notarized signature of the current agent, corporate officer, or controlling member consenting to the appointment of the new agent;
11. If the notice is about a restructuring of the business form, an indication of the current and new business forms; and

12. Notarized signature of the individual providing notice affirming that the information provided is true, correct, and complete.

C. In addition to submitting the notice required under subsection (B), the individual providing notice shall submit:

1. If the answer to either item in subsection (B)(7) is yes, a certified copy of minutes of the meeting at which the action was authorized;
2. For every individual identified in either subsection (B)(8) or (B)(9), the information required under R19-1-203(B);
3. If the notice is about a new agent who will be physically present and managing the licensed premises, evidence that the new agent attended a Department-approved training course regarding liquor laws within the last five years; and
4. The fee prescribed under R19-1-104.

R19-1-211. Repealed Application for Exemption for an Unlicensed Business Establishment

A. Under A.R.S. § 4-244.05(I), the owner of an unlicensed business establishment that meets the standards at R19-1-325 may apply to the Director for an exemption that allows patrons of the business establishment to consume certain spirituous liquor on the business premises. To obtain an exemption, the owner of the unlicensed business establishment shall submit an application, on a form available from the Department, and provide the following information:

1. Name of owner of the business establishment;
2. Owner's address;
3. Owner's telephone numbers;
4. Name of the business establishment;
5. Address of the business establishment;
6. Telephone number of the business establishment;
7. The qualification of the business establishment for an exemption; and
8. The owner's notarized signature affirming that the information provided is true, correct, and complete and affirming the owner's agreement to abide by all laws relating to consumption of spirituous liquor at an unlicensed business establishment.

B. An exemption provided under A.R.S. § 4-244.05(I) and this Section is valid for one year and may not be renewed. To maintain uninterrupted exempt status, the holder of an exemption shall comply with subsection (A) before expiration of the exemption.

R19-1-212. Repealed Application to Renew a Liquor License

- A.** A special event, wine festival or fair, or direct shipment license is not renewable. All other liquor licenses expire annually on the date indicated on the license. As a courtesy, the Department may send a notice to each licensee regarding the need to renew. Timely renewal is the responsibility of the licensee. Failure to receive notice regarding the need to renew does not excuse failure to renew.
- B.** On or before the date indicated on the license, a licensee shall submit a renewal application, using a form that is available from the Department, and provide the following information:
1. Arizona Corporation Commission file number, if any, of the business referenced on the license;
 2. Name, residential address, and title or percent ownership of every controlling person of the business referenced on the license;
 3. An indication whether an individual referenced under subsection (B)(2) is new since the time of last renewal;
 4. Name, residential address, and percent ownership of any individual who:
 - a. Manages the business referenced on the license, or
 - b. Holds an equitable interest in the business referenced on the license;
 5. Statement whether any owner, partner, agent, manager, officer, director, stockholder, member, or other controlling person of the business referenced on the license has:
 - a. Been convicted of a felony in the past five years and if so, a complete explanation; or
 - b. Had a liquor license revoked within the last year and if so, a complete explanation; and
 6. An indication whether the business referenced on the license includes adult live entertainment, grocery or gasoline sales, contests, or split-premises entertainment.
- C.** In addition to submitting the renewal application form required under subsection (B), a licensee shall submit the renewal fee referenced at R19-1-104(F).

R19-1-213. Repealed Application for Restaurant Continuation License

- A.** Under A.R.S. § 4-213(E), if food sales comprise at least 30 percent but less than 40 percent of the gross revenue of a restaurant licensee, the licensee may apply to the Department for a restaurant continuation license. To apply for a restaurant continuation license, the restaurant licensee shall

submit an application to the Department, on a form that is available from the Department, and provide the following information:

1. Restaurant license number;
2. Licensee's or agent's name;
3. The manner in which the license is owned;
4. Name of corporation, partnership, or limited liability company, if applicable;
5. File number with the Arizona Corporation Commission, if applicable;
6. Name of the business as it appears on the restaurant license;
7. Business address;
8. Business telephone number;
9. Mailing address;
10. A diagram of the floor plan of the business premises showing:
 - a. Kitchen equipment;
 - b. Dining facilities;
 - c. Area in which spirituous liquor is dispensed, sold, served, consumer, or stored;
 - d. Entrances and exits;
 - e. Drive-through windows;
 - f. Service windows; and
 - g. Patio enclosures;
11. Total square footage of the business premises;
12. Percentage of total floor space occupied by the kitchen;
13. Percentage of interior public floor space consisting of pool tables, dart or arcade games, cocktail tables, barstools and similar types of seating, and dance floors;
14. Percentage of interior public floor space that is dance floor; and
15. The applicant's dated and notarized signature indicating that all information provided is true and complete.

B. In addition to the application required under subsection (A), the licensee shall submit:

1. The non-refundable application fee specified in R19-1-104(B); and
2. The items required for a percentage verification if the Department has not audited the licensee within the last 12 months.

R19-1-214. ~~Repealed~~ Application for Extension or Change of Licensed Premises

- A.** A licensee shall obtain written approval from the Department before extending or changing the physical arrangement of the licensed premises.
- B.** To obtain approval from the Department to extend or change the licensed premises, a licensee shall submit an application, on a form available from the Department, and provide the following information:
1. A statement whether the proposed extension or change of the licensed premises will be permanent or temporary and if the proposed extension or change of the premises will be:
 - a. Permanent, the specific purpose of the proposed extension or change of the premises; or
 - b. Temporary, the dates that the proposed extension or change of the premises will be in place;
 2. Name of licensee;
 3. Mailing address of licensee;
 4. License number;
 5. Name of licensed business;
 6. Address of licensed business;
 7. Business and residential telephone and fax numbers of licensee;
 8. A statement whether the licensee understands Arizona liquor laws;
 9. A statement whether and if so, when the licensee attended Department-approved training regarding Arizona liquor laws;
 10. A description of the security precautions the licensee will take to prevent a violation of Arizona liquor laws in the extended or changed area of the licensed premises;
 11. A statement whether the extended or changed area of the licensed premises will bring the premises within 300 feet of a church or school;

12. Dated signature of an individual authorized by the County Board of Supervisors or City or Town Council to recommend approval of the extended or changed area of the licensed premises; and

13. Dated signature of the licensee affirming that the information provided is true, correct, and complete.

C. In addition to submitting the application required under subsection (B), a licensee shall submit a revised floor plan that clearly depicts the licensed premises and the proposed extension or change of the licensed premises.

R19-1-215. Repealed Application to Include a Non-contiguous Area in a Licensed Premises

A. The Department shall approve including a non-contiguous area in a licensed premises only if the Department determines that the non-contiguous area meets the standards at R19-1-111.

B. To obtain approval from the Department to include a non-contiguous area in a licensed premises, the licensee shall submit an application, on a form available from the Department, and provide the following information:

1. Name of licensee;

2. Mailing address of licensee;

3. License number;

4. Name of licensed business;

5. Address of licensed premises;

6. Business and residential telephone and fax numbers of licensee;

7. A statement whether the licensee understands Arizona liquor laws;

8. A statement whether and if so, when the licensee attended Department-approved training regarding Arizona liquor laws;

9. A description of the security precautions the licensee will take to prevent a violation of Arizona liquor laws on the licensed premises including the walkway or driveway that separates the non-contiguous area from the remainder of the licensed premises;

10. A description of the manner in which the licensee will control the taking of spirituous liquor between the non-contiguous area and the remainder of the licensed premises;

11. A statement whether the non-contiguous area of the licensed premises will bring the premises within 300 feet of a church or school;
12. Dated signature of an individual authorized by the County Board of Supervisors or City or Town Council to recommend approval of inclusion of the non-contiguous area of the licensed premises; and
13. Dated signature of the licensee affirming that the information provided is true, correct, and complete.

C. In addition to submitting the application required under subsection (B), a licensee shall submit a revised floor plan that clearly depicts the licensed premises and the non-contiguous area. The licensee shall ensure that the revised floor plan accurately depicts:

1. The location and width of the walkway or driveway that separates the non-contiguous area from the remainder of the licensed premises;
2. The fence required under R19-1-111(5); and
3. The gate required under R19-1-111(6).

R19-1-216. ~~Repealed~~ Request for Store Sampling

A. Under A.R.S. § 4-243(B)(2) and (B)(3), an in-state producer, domestic microbrewery, wholesaler, or domestic farm winery licensee may request approval from the Department to provide a sample of spirituous liquor to consumers on the business premises of a licensed retailer. Under A.R.S. § 4-244.04, a domestic farm winery licensee may request approval from the Department to provide a sample of spirituous liquor to consumers on the business premises of a bar, beer and wine bar, liquor store, or beer and wine store licensee.

B. To obtain approval for a sampling event, a licensee shall submit a request, using a form available from the Department, at least 10 days before the scheduled sampling event and provide the following information:

1. Name of the licensed business sponsoring the sampling event;
2. License number of the licensee sponsoring the sampling event;
3. Name of the licensee or agent of the licensed business sponsoring the sampling event;
4. Date of the sampling event;

5. Time of the sampling event to a maximum of three hours;
6. Name of the licensed business hosting the sampling event;
7. License number of the licensee hosting the sampling event;
8. Address of the business premises at which the sampling event will occur;
9. Products to be sampled;
10. Description of the barrier that will be used to separate the area in which sampling is conducted from other areas of the business premises; and
11. Dated signature and title of an authorized representative of the licensee sponsoring the sampling event indicating that the licensee understands and agrees to comply with all statutory requirements for conducting a sampling event.

R19-1-217. ~~Repealed~~ Application for Approval of a Liquor Law Training Course

- A.** To apply for approval of a liquor law training course that meets the minimum standards established under R19-1-107, the provider of the liquor law training course shall submit to the Department an application form, which is available from the Department, and include the following information:
1. A statement of whether the application is for approval to provide training to the general public or only to employees and owners of a specific licensee;
 2. Name of the training provider;
 3. Address of the training provider;
 4. Telephone and fax numbers of the training provider;
 5. Name and telephone number of an individual the Department can contact regarding the application or training;
 6. A statement of the business form of the training provider and if incorporated, the number assigned by the Arizona Corporation Commission;
 7. Name and title of all individuals who own more than 10 percent of the training provider;
 8. Name and title of all individuals employed by the training provider as a training manager or trainer; and

9. Notarized signature of the individual completing the application form indicating that the information provided is true, correct, and complete.

B. A training provider shall attach to the application form required under subsection (A) a personal information form that is individually completed by every individual identified under subsections (A)(7) and (A)(8). The training provider shall ensure that each individual completing a personal information form provides the following information:

1. Name;

2. Title;

3. Date of birth;

4. Social Security number;

5. Address;

6. Telephone numbers;

7. E-mail address;

8. List of residences at which the individual has lived in the last five years;

9. List of employers for whom the individual has worked during the last five years;

10. A statement whether the individual:

a. Is currently employed by a licensee and if so, the name of the licensee and the individual's duties for the licensee;

b. Has ever been arrested, convicted, cited, or charged with any crime and if so, the nature of the crime, jurisdiction, date, and current status;

c. Has ever been issued an administrative compliance action or consent order or had an administrative action taken against the individual for violating liquor laws in any state and if so, the nature of the incident resulting in administrative action, violations alleged, jurisdiction, date, and current status; and

d. Will voluntarily submit to a criminal background investigation; and

11. The individual's dated signature affirming under penalty of perjury that the information provided is true, correct, and complete.

C. A training provider shall also attach to the application form required under subsection (A), a copy of:

1. An outline of the liquor law training course;
 2. All materials distributed to course participants;
 3. All teaching aids used in the training course; and
 4. A certificate of completion that meets the standards at R19-1-107(A)(8).
- D.** The provider of a liquor law training course approved under this Section shall inform the Department when any of the information supplied under subsection (A)(7) or (A)(8) changes and submit the form required under subsection (B).

ARTICLE 3. ~~REPEALED~~ LICENSEE RESPONSIBILITIES

R19-1-301. ~~Recodified~~ Display of License

A licensee shall conspicuously display the license issued to the licensee under A.R.S. Title 4 and this Chapter and make the license readily available for inspection by the Department, a peace officer, or a wholesaler.

R19-1-302. ~~Repealed~~ Knowledge of Liquor Law

- A.** A licensee shall ensure that the licensee, manager, managing agent, and any controlling person and any employee who serves, sells, or furnishes spirituous liquor to a retail customer knows and complies with all Arizona liquor law.
- B.** A licensee shall ensure that the licensee, manager, managing agent, any controlling person, and any individual who will be physically present and operating the licensed business attends a liquor law training course that is approved by the Department under R19-1-217.

R19-1-303. ~~Repealed~~ Authorized Spirituous Liquor

- A.** A licensee shall not directly or indirectly manufacture, sell, or deal in a spirituous liquor other than the spirituous liquors listed on the license issued to the licensee under A.R.S. Title 4 and this Chapter.
- B.** A licensee shall ensure that no spirituous liquor other than the spirituous liquors listed on the license issued to the licensee under A.R.S. Title 4 and this Chapter is on the licensed premises for any purpose.

R19-1-304. ~~Repealed~~ Storing Spirituous Liquor on Unlicensed Premises

- A.** Except as provided in subsection (B), a licensee shall not accept delivery of or store spirituous liquor at any premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter.
- B.** The Department shall authorize a licensee to accept delivery of or store spirituous liquor at a premises other than the business premises described on the license issued to the licensee under A.R.S. Title 4 and this Chapter if:
1. The licensee submits a written request to the Department that:
 - a. Identifies the unlicensed premises;
 - b. Shows the geographical location of the unlicensed premises in relation to the business premises;
 - c. Shows the distance from the unlicensed premises to any church or school, including an associated playground, in close proximity to the unlicensed premises; and
 - d. Explains how the licensee will safeguard the spirituous liquor at the unlicensed premises; and
 2. The Department determines that the licensee will safeguard the spirituous liquor at the unlicensed premises in a manner that protects the public health, safety, and welfare and that authorizing the licensee to store spirituous liquor at the unlicensed premises is consistent with the best interest of the state.

R19-1-305. ~~Repealed~~ Paying Taxes Required

- A.** A licensee shall not possess or sell spirituous liquor unless all state and federal taxes applicable to possession or sale of the spirituous liquor have been paid and accounted for as required by law.
- B.** The Director shall not allow a license to be transferred or issue an interim permit if the licensee is delinquent in paying any taxes unless:
1. The licensee enters into an agreement with the taxing authority to pay the delinquent taxes; and
 2. The taxing authority submits written verification of the agreement to the Director.

R19-1-306. ~~Repealed~~ Bottle Labeling Requirements

A licensee that directly or indirectly sells, ships, delivers for sale or shipment, or receives or removes from custody of the U.S. Customs and Border Protection a bottle of spirituous liquor shall ensure that the spirituous liquor is bottled, packaged, and labeled in conformity with all federal requirements.

R19-1-307. ~~Repealed~~ Bottle Reuse or Refilling Prohibited

- A.** A licensee shall ensure that a bottle or other container authorized by law for packaging spirituous liquor is not reused to package spirituous liquor after the spirituous liquor originally packaged in the bottle or other container is removed from the bottle or other container.
- B.** A licensee shall ensure that no substance is added to a bottle or other container authorized by law for packaging spirituous liquor that has the effect of increasing the amount of liquid originally packaged or remaining in the bottle or other container.

R19-1-308. ~~Repealed~~ Age Requirement for Erotic Entertainers

A licensee shall ensure that an individual employed by or performing as an erotic entertainer at the licensed premises is at least 19 years old.

R19-1-309. ~~Repealed~~ Prohibited Acts

A licensee or an employee of a licensed business shall not permit, on the licensed premises, an individual, including an employee of the licensed premises, to:

1. Expose any portion of the individual's anus, vulva, or genitals;
2. Grope, caress, or fondle or cause to be groped, caressed, or fondled the breasts, anus, vulva, or genitals of another individual with any part of the body; or
3. Perform an act of sexual intercourse, masturbation, sodomy, bestiality, or oral copulation.

R19-1-310. ~~Repealed~~ Prohibited Films and Pictures

A licensee shall not permit, on the licensed premises, a film, slide picture, or other electronic reproduction to be shown if the film, slide picture, or other electronic reproduction depicts:

1. An act or simulated act of sexual intercourse, masturbation, sodomy, bestiality, oral copulation, or a sexual act prohibited by law;

2. An individual being touched, caressed, or fondled on the breast, anus, vulva, or genitals;
3. An individual displaying a portion of the individual's pubic hair, anus, vulva, or genitals; or
4. Use of an artificial device or inanimate object to depict an activity described under subsections (1) through (3).

R19-1-311. ~~Repealed~~ Credit Law Exception

In addition to the exceptions at A.R.S. § 4-242, a producer or wholesaler may sell spirituous liquor on credit to another producer or wholesaler.

R19-1-312. ~~Repealed~~ Accurate Labeling of Dispensing Equipment Required

- A.** A licensee shall ensure that equipment through which spirituous liquor is dispensed is accurately labeled with the brand, grade, or class of spirituous liquor dispensed.
- B.** Except as provided in subsection (C), a licensee shall ensure that a faucet, spigot, or other outlet from which draught beer is dispensed is clearly and conspicuously labeled:
 1. With the name or brand adopted by the manufacturer of the draught beer being dispensed; and
 2. In a manner that is readable from a distance of at least 10 feet by an individual with normal vision who is seated in the area in which the draught beer is served.
- C.** If a faucet, spigot, or other outlet from which draught beer is dispensed is not located in the area in which the draught beer is served, a licensee shall post a sign in the area in which the draught beer is served that lists the names or brands adopted by the manufacturers of only the draught beers served.

R19-1-313. ~~Repealed~~ Sign Limitations

- A.** An in-state producer, domestic microbrewery, wholesaler, or domestic farm winery licensee may directly or indirectly lend to a licensed retailer a sign for interior or exterior use if the sign:
 1. Conspicuously bears substantial advertising for spirituous liquor available from the licensee;
 2. Costs no more than \$400;
 3. Has no utilitarian use other than advertising; and

4. Is not offered by the licensee as an inducement to the licensed retailer to purchase or use a product available from the licensee to the exclusion, in whole or in part, of a product available from a competitor of the licensee.

B. A licensed retailer shall ensure that a sign or other advertising matter displayed at the licensed premises is not obscene when evaluated by contemporary community standards.

R19-1-314. ~~Expired~~ Prohibited Inducement to Purchase or Consume Spirituous Liquor

A. An on-sale retailer shall not offer or furnish to a customer an inducement such as a gift, prize, coupon, premium, or rebate, including assumption of an excise or transaction privilege tax, if receipt of the inducement is contingent on the purchase or consumption of spirituous liquor.

B. An on-sale retailer may furnish to a customer an advertising novelty of nominal value or service that is a customary trade practice if receipt of the novelty or service is not contingent on the purchase or consumption of spirituous liquor.

R19-1-315. ~~Repealed~~ Purchase of Non-alcoholic Malt Beverage, Wine, or Cocktail Mixer

A licensed retailer shall obtain a non-alcoholic malt beverage, wine, or cocktail mixer sold on the licensed premises only from a wholesaler.

R19-1-316. ~~Repealed~~ Responsibilities of a Licensee that Operates a Delivery Service

A. A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall ensure that delivery of spirituous liquor:

1. Is made only to an individual who is at least 21 years old;
2. Is made only after an inspection of identification shows that the individual accepting delivery of the spirituous liquor is of legal drinking age;
3. Is made only after the information required under R19-1-504(B) is recorded;
4. Is made only during the hours of lawful service of spirituous liquor;
5. Is not made to an intoxicated or disorderly individual; and
6. Is not made to the business premises of a licensed retailer.

- B.** A licensed retailer that operates a delivery service under A.R.S. § 4-203(J) or a domestic farm winery that delivers wine under A.R.S. § 4-205.04(C)(9) shall refuse to complete a delivery if the licensee believes the delivery may constitute a violation of A.R.S. Title 4 or this Chapter.

R19-1-317. Repealed Responsibilities of a Liquor Store or Beer and Wine Store Licensee

A liquor store or beer and wine store licensee shall not have a broken package of spirituous liquor, as defined at A.R.S. § 4-101, on the licensed premises.

R19-1-318. Responsibilities of a Hotel-Motel or Restaurant Licensee

- A.** If a hotel-motel or restaurant licensee ceases to provide complete restaurant services before 10:00 p.m., the licensee shall cease to sell spirituous liquor at the same time that the licensee ceases to provide complete restaurant services.
- B.** If a hotel-motel or restaurant licensee provides complete restaurant services until at least 10:00 p.m., the licensee may continue to sell spirituous liquor during the hours allowed by law.
- C.** If a hotel-motel or restaurant licensee refuses to serve a meal requested before 10:00 p.m. and continues to serve spirituous liquor, the Department shall assume that the hotel-motel or restaurant licensee has ceased to operate as a restaurant.
- D.** In the event of an audit to determine whether a hotel-motel or restaurant licensee meets the standard at A.R.S. § 4-205.02(G), the licensee shall submit records that enable the Department to determine the amount of gross revenue that the licensee derives from the sale of food and spirituous liquor. If the Department is unable to determine the amount of gross revenue attributed to the sale of food, the Department shall conclude that the licensee does not meet the standard at A.R.S. § 4-205.02(G).

R19-1-319. Responsibilities of a Special Event Licensee

- A.** If a special event at which spirituous liquor is sold occurs at an otherwise unlicensed location, the special event licensee shall conduct all dispensing, serving, and selling of spirituous liquor;
- B.** If a special event at which spirituous liquor is sold occurs at the business premises of a licensed retailer, the special event licensee shall ensure that one of the following occurs during the special event:

1. The licensed retailer ceases to sell spirituous liquor and the special event licensee dispenses and serves spirituous liquor and ensures that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
2. The licensed retailer dispenses and serves all spirituous liquor under the licensed retailer's license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter;
3. The licensed retailer dispenses and serves all spirituous liquor under the special event license and the special event licensee does not dispense or serve spirituous liquor. The licensed retailer shall dispense and serve only spirituous liquor purchased by or donated to the special event licensee. Both the licensed retailer and special event licensee shall ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; or
4. The business premises of the licensed retailer are divided into two areas as follows:
 - a. In the first area, the licensed retailer shall dispense and serve spirituous liquor that is purchased from a wholesaler and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter; and
 - b. In the second area, the special event licensee shall dispense and serve spirituous liquor purchased by or donated to the special event licensee and ensure that all sales of spirituous liquor comply with A.R.S. Title 4 and this Chapter.

R19-1-320. Commercial Coercion or Bribery Prohibited

- A.** A producer or wholesaler shall not directly or indirectly induce a licensed retailer to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of another producer or wholesaler by engaging in any of the following activities unless specifically authorized under A.R.S. Title 4 and this Chapter:
1. Furnishing, giving, renting, lending, or selling to the licensed retailer an article of potential utilitarian value in the conduct of the licensed business;
 2. Selling food or food products to the licensed retailer at less than the cost that the producer or wholesaler paid for the food or food products;
 3. Furnishing financing or credit to the licensed retailer through the licensed retailer's purchase of spirituous liquor or other products;

4. Providing a service to the licensed retailer, including stocking, resetting, or pricing merchandise;
5. Paying or crediting the licensed retailer for a promotion, advertising, display, public relations effort, or distribution service;
6. Sharing with the licensed retailer the cost of a promotion or advertising through any media;
7. Guaranteeing a loan to or repayment of a financial obligation of the licensed retailer;
8. Providing financial assistance to the licensed retailer;
9. Extending credit to the licensed retailer;
10. Engaging in a practice that requires the licensed retailer to take and dispose of a quota of spirituous liquor;
11. Offering or giving a bonus, premium, or compensation to the licensed retailer or an employee of the licensed retailer; or
12. Giving spirituous liquor or another gift or benefit to the licensed retailer or an employee of the licensed retailer.

B. A licensed retailer shall not require that a producer or wholesaler provide stocking or resetting services as a condition for being allocated shelf, cold box, or product display space.

R19-1-321. Practices Permitted by a Producer or Wholesaler

A. The following practices allow a producer or wholesaler to furnish something of value to a licensed retailer or other specified licensee as long as the producer or wholesaler does not furnish the something of value to induce the licensed retailer or other specified licensee to purchase spirituous liquor from the producer or wholesaler to the exclusion, in whole or in part, of another producer or wholesaler.

B. Participating in a special event.

1. A producer or wholesaler may furnish advertising, sponsorship, services, or other things of value at a special event at which spirituous liquor is sold if:
 - a. A special event license is issued for the special event;
 - b. The special event license is issued to a charitable, civic, religious, or fraternal organization;
 - c. The special event license is not issued to a political organization; and

- d. The producer or wholesaler ensures that nothing of value is left on a the business premises of a licensed retailer or given to a licensed retailer or employees of a licensed retailer during or after the special event.
2. A producer or wholesaler may donate spirituous liquor to a special event licensee identified under subsection (B)(1)(b) but shall not sell spirituous liquor directly to the special event licensee. If the special event licensee buys spirituous liquor for resell from a licensed retailer, the producer or wholesaler may submit an invoice for the sale through the licensed retailer after the special event.
 3. A producer or wholesaler may provide a sign that is not subject to the value limitation is R19-1-313 to a special event licensee identified under subsection (B)(1)(b).
 4. A producer or wholesaler may furnish a refrigerated vehicle for use by a special event licensee identified under subsection (B)(1)(b). The producer or wholesaler shall ensure that the refrigerated vehicle is used only to store and dispense spirituous liquor and that no employee of the producer or wholesaler dispenses the spirituous liquor.
- C.** Providing an item of value to a customer of a licensed retailer. A producer or wholesaler may provide an item of value to a customer of a licensed retailer if:
1. The item provided is not used directly in the licensed business;
 2. The item is provided directly to the customer of the licensed retailer by the producer or wholesaler or an employee of the producer or wholesaler except that a schedule of sporting events that will occur on the business premises may be provided to the customer through the licensed retailer;
 3. Except as provided in subsection (C)(4), the item provided has a value less than \$5;
 4. The producer or wholesaler ensures that if an item is provided with a value between \$5 and \$100, it is provided only between 6:00 a.m. and 2:00 a.m.;
 5. The producer or wholesaler ensures that no item of value is provided to the licensed retailer or an employee of the licensed retailer; and
 6. The producer or wholesaler ensures that no item of value, except a schedule of sporting events that will occur on the business premises, is left on the business premises.
- D.** Providing stocking services. A producer or wholesaler may stock any spirituous liquor or other product that the producer or wholesaler sells to a licensed retailer. The stocking service provided by a producer or wholesaler:

1. May include pricing, cleaning shelves, furnishing point-of-sale advertising that is consistent with R19-1-313, and rotating, cleaning, or otherwise preparing the spirituous liquor or other product for sale at the point of sale; and
 2. Shall be performed only in a point-of-sale area from which a consumer may purchase the spirituous liquor or other product.
- E.** Providing resetting services. A producer or wholesaler may reset spirituous liquor or other products sold to a licensed retailer by the producer or wholesaler or by another licensee if:
1. The licensed retailer consents to the resetting; and
 2. Notice and an opportunity to attend the resetting is provided to any licensee whose spirituous liquor or other product will be reset at least two business days before the resetting occurs.
- F.** Providing display services. A producer or wholesaler may establish a display of the spirituous liquor or other products that the producer or wholesaler sells to a licensed retailer if the licensed retailer consents to the display. If necessary to establish the display, the producer or wholesaler may move spirituous liquor or other products, including those of a competitor.
- G.** Furnishing print advertising. A producer or wholesaler may furnish a camera-ready ad of nominal value to a licensed retailer.
- H.** Sponsoring a sporting event. A producer or wholesaler may provide financial, advertising, and other forms of sponsorship to a licensed retailer in conjunction with a sporting event that occurs on the business premises of the licensed retailer. The producer or wholesaler shall ensure no item of value remains with the licensed retailer or at the business premises after the sporting event. If the producer or wholesaler provides a sign as part of the sponsorship of a sporting event, the sign is not subject to the value limitation is R19-1-313.
- I.** Sponsoring a tradeshow or convention. A producer or wholesaler may provide sampling, advertising, and other forms of sponsorship to a licensed retailer in conjunction with a tradeshow or convention at a licensed or unlicensed business premises. The producer or wholesaler shall ensure that no item of value remains with the licensed retailer after the tradeshow or convention. If the producer or wholesaler provides a sign as part of the sponsorship of a tradeshow or convention, the sign is not subject to the value limitation is R19-1-313.
- J.** Sponsoring a concert. A producer or wholesaler may provide advertising and other forms of sponsorship to a licensed retailer in conjunction with a concert at a licensed premises with a capacity greater than 500 persons. The producer or wholesaler shall ensure that no item of value remains with

the licensed retailer after the concert. If the producer or wholesaler provides a sign as part of the sponsorship of a concert, the sign is not subject to the value limitation is R19-1-313.

K. Furnishing a wine or drink menu. A producer or wholesaler may furnish a wine or drink menu to a licensed retailer for use in the licensed business if:

1. The wine or drink menu has no value to the licensed retailer except as a wine or drink menu; and
2. The producer or wholesaler offers to furnish a wine or drink menu to all licensed retailers to which the producer or wholesaler supplies spirituous liquor.

L. Furnishing tapping equipment. A wholesaler may furnish tapping equipment authorized under R19-1-327 to an on-sale retail licensee.

M. Making a driver sale. When delivering previously ordered spirituous liquor to a licensed retailer, a producer or wholesaler may sell to the licensed retailer spirituous liquor not previously ordered.

N. Distributing coupons or rebate certificates. A producer or wholesaler may distribute coupons or rebate certificates to consumers by any means including providing the coupons or rebate certificates to a licensed retailer if the coupons or rebate certificates can be used by the consumer at the business premises of any licensed retailer.

O. Delivering a volume discounted purchase. A producer or wholesaler may provide a licensed retailer with a discounted price for a volume purchase if the producer or wholesaler simultaneously delivers to the licensed retailer the entire amount purchased.

P. Accepting returned malt beverage products.

1. A producer or wholesaler may allow a licensed retailer that intends to be closed for at least 30 days to exchange malt beverage products purchased from the producer or wholesaler or to receive a credit for or refund of the amount paid for the malt beverage products; and
2. With permission from the Director, a producer or wholesaler may allow a licensed retailer that is discontinuing sale of a particular malt beverage product to exchange the product purchased from the producer or wholesaler or to receive a credit for or refund of the amount paid for the malt beverage product.

Q. Providing holiday decorations. A producer or wholesaler may provide brand-identified holiday decorations to a licensed retailer for use on the licensed premises if the decorations have no value to the licensed retailer other than as decorations.

R. Providing a sample to a customer of a licensed retailer. A producer or wholesaler may provide a sample of spirituous liquor to a customer of a licensed retailer if the producer or wholesaler:

1. Complies with the procedures at A.R.S. § 4-243(B); and
2. Makes and maintains a record regarding the spirituous liquor sampled and the procedures followed.

S. Conducting market research. A producer or wholesaler may conduct market research regarding spirituous liquor if the producer or wholesaler complies with the following procedures:

1. The spirituous liquor is provided to research participants by personal delivery or through the U.S. Postal Service;
2. The spirituous liquor provided to research participants is obtained from or shipped through a wholesaler;
3. All research participants are of legal drinking age;
4. Any employee of the producer or wholesaler and any employee of a marketing research business assisting to conduct the market research that handles the spirituous liquor is at least 19 years old; and
5. The amount of spirituous liquor provided to each research participant does not exceed 72 ounces of beer, cooler product, or wine or 750 milliliters of distilled spirits.

T. Participating in events without spirituous liquor. A producer or wholesaler may participate in any event at which spirituous liquor is not sold, offered, or served.

R19-1-322. Incentive Program Involving Producers and Wholesalers

There is no federal or state law regarding an incentive program involving only producers and wholesalers.

R19-1-323. Responsibilities of a Registered Retail Agent

A. A retail agent registered under R19-1-209 shall provide a licensee that enters into a cooperative-purchase agreement with the registered retail agent a copy of the cooperative-purchase agreement. The licensee shall make the copy of the cooperative-purchase agreement available for inspection on request by the Department or a peace officer.

B. A retail agent registered under R19-1-209 shall:

1. Display the Certificate of Registration obtained from the Department on request by the Department, a peace officer, or a licensee;
2. Place all cooperative-purchase orders with a wholesaler;
3. Pay the wholesaler for all cooperative-purchase orders;
4. Not attempt to exchange merchandise after it is delivered by the wholesaler but may request that a delivery error be corrected if the error is recognized at the time of delivery and documented;
5. Provide each licensee under subsection (A) with a copy of the master invoice prepared by the wholesaler from which a cooperative purchase is made; and
6. Charge each licensee under subsection (A) the price listed on the master invoice prepared by the wholesaler for spirituous liquor delivered to the licensee.

C. A retail agent registered under R19-1-209 may charge a licensee with which the registered retail agent has a cooperative-purchase agreement a fee for services provided to the licensee.

R19-1-324. Underage Individuals on Business Premises

A. An individual under the legal drinking age may be on the licensed premises of an on-sale retailer under the conditions established in A.R.S. § 4-244(22).

B. Additionally, an individual under the legal drinking age may be on the business premises of an on-sale retailer if:

1. The business premises have an occupancy limit of at least 1,000 as determined by the fire marshal;
2. The primary purpose of the business premises is not to sell spirituous liquor but rather, to show live sporting events or concerts;
3. The on-sale retailer ensures that spirituous liquor is sold only to individuals who are of the legal drinking age; and
4. The on-sale retailer implements security measures necessary to ensure that an individual under the legal drinking age does not purchase, possess, or consume spirituous liquor on the business premises.

C. Additionally, an individual under the legal drinking age may be on the business premises of an on-sale retailer if:

1. The business premises have an occupancy limit less than 1,000 as determined by the fire marshal;
2. The primary purpose of the business premises is not to sell spirituous liquor but rather, to show live sporting events or concerts; and
3. The on-sale retailer establishes a physical barrier that prevents an underage individual from:
 - a. Entering a portion of the business premises where spirituous liquor is sold, possessed, or served; and
 - b. Receiving, purchasing, possessing, or consuming spirituous liquor.

R19-1-325. Standards for Exemption of an Unlicensed Business Establishment

The owner of a small restaurant, catering establishment, association, or business establishment hosting a private social function may apply for an exemption under A.R.S. § 4-244.05 by submitting an application under R19-1-211 if the owner of the small restaurant, catering establishment, association, or business establishment hosting a private social function ensures that:

1. Possession or consumption of spirituous liquor on the business premises is permitted only as an incidental convenience to customers;
2. Only beer and wine is permitted to be possessed or consumed on the business premises;
3. Possession or consumption of wine or beer on the business premises is limited to the hours between noon and 10:00 p.m.;
4. A customer is allowed to possess or consume no more than 24 ounces of beer or 375 milliliters of wine;
5. The number of customers within the small restaurant, catering establishment, association, or business establishment hosting a private social function does not exceed the following maximum:
 - a. Small restaurant: 40; and
 - b. Catering establishment, association, or business establishment hosting a private social function: 300; and

6. The owner, manager, comptroller, controlling person, and any employee of the small restaurant, catering establishment, association, or business establishment hosting a private social function complies with all provisions of A.R.S. Title 4 and this Chapter.

R19-1-326. Display of Warning Sign Regarding Consumption of Alcohol

As prescribed under A.R.S. § 4-261, a licensed retailer shall post one or more warning signs regarding consumption of alcohol during pregnancy.

R19-1-327. Tapping Equipment

- A.** A wholesaler may lend to an on-sale retailer tapping equipment approved by the Department. The wholesaler shall:
 1. Maintain ownership of the tapping equipment;
 2. Lend the tapping equipment at the time a new account is established or when the on-sale retailer changes from one tapping system to another; and
 3. Remove the tapping equipment when the account is discontinued.
- B.** If multiple wholesalers share an account and decide to lend tapping equipment to the on-sale retailer, the wholesaler that initiates the account shall supply the tapping equipment and remove the tapping equipment when the wholesaler discontinues the account.
- C.** The manufacturer of a tapping-equipment system may apply to the Department for approval of the system by submitting specifications regarding the design and operation of the system.
- D.** A wholesaler may sell the following items to an on-sale retailer only for cash at a price that equals or exceeds the price that the wholesaler paid for the items:
 1. CO²;
 2. CO² regulator;
 3. Faucet or complete faucet standard;
 4. Shank or bent tube;
 5. Air distributor;
 6. Blower assembly;

7. Switch;
8. Drip pan;
9. P.V.C. pipe;
10. Sanitizing materials, or
11. Another item necessary to prepare and maintain a tapping-equipment system in proper operating condition.

E. A wholesaler may replace at no charge to an on-sale retailer the following items:

1. Bonnet washer,
2. Friction ring,
3. Valve stem, and
4. Coupling gasket.

F. A wholesaler may periodically clean a tapping-equipment system lent to an on-sale retailer at no charge to the on-sale retailer.

ARTICLE 4. REQUIRED NOTICES TO DEPARTMENT

R19-1-401. Notice of Change in Status: Active or Nonuse

A. A licensee that ceases to manufacture, sell, or deal in spirituous liquor for 30 consecutive days shall submit notice to the Department, on a form that is available from the Department, and provide the following information:

1. License number;
2. Name of licensee or agent;
3. Name of licensed business;
4. Address of licensed business;
5. Last date on which the license was used;
6. Whether the licensee intends to place the license in use in the future; and
7. Notarized signature of the licensee or agent affirming that the information provided is true, correct, and complete.

B. Except as provided in subsection (D), a licensee that put a license on nonuse status by complying with subsection (A), may put the license on active status by submitting notice to the Department, on a form that is available from the Department, and providing the following information:

1. License number;
2. Name of licensee or agent;
3. Name of licensed business;
4. Address of licensed business;
5. Date on which the license went into nonuse status;
6. Date on which the license will be put into active status; and
7. Notarized signature of the licensee or agent affirming that the information provided is true, correct, and complete.

C. If a license is on nonuse status for more than five months, the licensee shall pay the surcharge prescribed at A.R.S. § 4-203(G) when the license is returned to active status by complying with subsection (B).

D. Under A.R.S. § 4-203(G), if a license is on nonuse status for 36 months, the license automatically reverts to the state.

R19-1-402. Notice of Change in Manager

As required by A.R.S. § 4-202(C), a licensee shall not allow an individual to manage the licensed business premises for more than 30 days unless the licensee ensures that the new manager submits to the Department the information required under R19-1-203(B).

R19-1-403. Notice of Legal or Equitable Interest

A. To enable the Department to fulfill its responsibility under A.R.S. § 4-112(B)(3), a person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department a statement of the interest. A person filing a statement of legal or equitable interest shall use a form that is available from the Department and provide the following information:

1. Name of the interest holder;
2. Mailing address of the interest holder;
3. Business and residential telephone numbers of the interest holder;
4. Description, date, and location of the document by which the interest was granted;
5. Name of licensee or applicant;
6. Mailing address of licensee or applicant;
7. Telephone number of licensee or applicant;
8. Location of licensed business;
9. License number; and
10. Notarized signatures of both the interest holder and the licensee or applicant.

B. A person that has a legal or equitable interest in a license issued under A.R.S. Title 4 and this Chapter shall file with the Department an amended statement of the interest by complying with subsection (A) when:

1. Any of the information provided in a previous statement of interest changes;
2. The person's legal or equitable interest terminates; or
3. The Department requests that an amended statement be filed.

C. The Department shall provide notice to a person that files a statement of interest under subsection (A) when there is a matter affecting the license in which the person has an interest and shall allow the person to participate in any proceeding regarding the license.

R19-1-404. Notice of Change in Business Name, Address, or Telephone Number

A. The Department shall communicate with a licensee using the business name and U.S. Postal Service address on file with the Department. To ensure timely communication from the Department, a

licensee shall ensure that the Department has current contact information for the licensee. When contact information for a licensee changes, the licensee shall submit a notice, using a form that is available from the Department, and include the following information:

1. License number;
2. Name of licensee or agent;
3. Name of business as it appears on the license;
4. New business name, if applicable;
5. New U.S. Postal Service address of licensed business, if applicable;
6. New mailing address, if applicable;
7. New business or residential telephone number, if applicable;
8. Other changed information, if applicable; and
9. Notarized signature of the individual submitting the notice affirming that the information provided is true, correct, and complete.

B. If the name or U.S. Postal Service address of a licensed business changes and notice is provided under subsection (A), the Department shall issue a replacement license that reflects the current name and U.S. Postal Service address of the licensed business.

C. Upon receipt of a replacement license under subsection (B), a licensee shall submit the replaced license to the Department.

R19-1-405. Notice of License Surrender or Application Withdrawal

A. A licensee that intends to surrender a license or an applicant that intends to withdraw an application shall submit a file deactivation form to the Department and include the following information:

1. Type of action being taken;
2. Name of licensee or applicant;
3. License number, if applicable;
4. Name of licensed business, if applicable;
5. Mailing address of licensee or applicant;
6. Explanation of why the license is being surrendered or the application is being withdrawn; and

7. Notarized signature of the licensee or applicant.

B. In addition to complying with subsection (A), a bar, beer and wine bar, or liquor store licensee that intends to surrender a license so an interim permit can be issued to a transferee shall:

1. Deliver the license to the Department in person or through the U.S. Postal Service; or
2. Deliver to the Department in person or through the U.S. Postal Service a signed and notarized statement indicating that the license is lost and cannot be located.

C. The Department shall deem a license surrendered if all of the following apply:

1. The licensed premises are vacant during normal operating hours for at least 30 consecutive days;
2. The licensee fails to notify the Department of the licensee's intention to suspend the business authorized by the license, as required under R19-1-401;
3. The Department is unable to contact the licensee using information available in the Department's records; and
4. The individual who informs the Department that the licensee has abandoned the license submits to the Department:
 - a. The license, if available; and
 - b. A signed and notarized statement indicating that to the best of the individual's knowledge, the licensed premises have been vacant during normal operating hours for at least 30 consecutive days and the licensee has abandoned the license and licensed premises.

D. The Department shall deny surrender of a license if the Department determines that:

1. The licensee is delinquent in paying taxes to the state or a county or municipality;
2. A complaint is pending against the licensee alleging violation of A.R.S. Title 4 or this Chapter;
3. Ownership of the license is contested; or
4. Civil proceedings involving the license are pending before any court.

R19-1-406. Registered Retail Agent: Notice of Change in Cooperative-purchase Agreement; List of Cooperative Members

A. A retail agent that is registered under A.R.S. § 4-222 and R19-1-209 shall:

1. Submit written notice when a co-operative purchase agreement between the registered retail agent and another licensee is terminated; and
 2. Submit a copy of a new co-operative purchase agreement between the registered retail agent and another licensee.
- B.** A registered retail agent shall submit the notices required under subsection (A) to the Department within 10 days after entering into or terminating a co-operative purchase agreement.
- C.** In addition to submitting a copy of each cooperative-purchase agreement to the Department, as required under R19-1-209, a retail agent registered under A.R.S. § 4-222 and R19-1-209 shall submit to the Department a list that includes the following information regarding each licensee with which the registered retail agent has a cooperative-purchase agreement:
1. Name of licensee;
 2. Address of licensed premises; and
 3. Each kind of license owned by the licensee.
- D.** A registered retail agent shall report to the Department a change in any of the information submitted under subsection (C) within 10 days of the change.

R19-1-407. Hotel-Motel or Restaurant Licensee: Notice of Change to Restaurant Facility

- A.** Under A.R.S. § 4-205.02(F), a hotel-motel or restaurant licensee that intends to alter the seating capacity or dimensions of a restaurant facility shall provide advance notice to the Department.
- B.** To provide the notice required under subsection (A), a hotel-motel or restaurant licensee shall complete and submit to the Department the form described at R19-1-214(B) and (C).

ARTICLE 5. REQUIRED RECORDS AND REPORTS

R19-1-501. General Recordkeeping

- A.** A licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of spirituous alcohol for two years.
- B.** A hotel-motel or restaurant licensee shall maintain all invoices, records, bills, and other papers and documents relating to the purchase, sale, or delivery of food for two years.

- C. A licensee shall make the invoices, records, bills, and other papers and documents maintained under subsections (A) and (B) available, upon request, to the Department for examination or audit.

R19-1-502. On-sale Retail Personnel Records

- A. As required by A.R.S. § 4-119, an on-sale retail licensee shall maintain a record of every employee of the licensed business that includes the following information about the employee:
1. Full legal name,
 2. Residential address,
 3. Date and place of birth, and
 4. Description of the employee's responsibilities.
- B. A licensee shall maintain the records required under subsection (A) for two years after an individual ceases to be an employee of the licensed business.
- C. A licensee shall make the records maintained under subsection (A) available, upon request, to the Department for examination.

R19-1-503. Records Regarding Cooperative Purchases

- A. A retail agent registered under A.R.S. § 4-222 and R19-1-209 shall maintain a copy of every cooperative-purchase agreement between the registered retail agent and another licensee for two years after termination of the cooperative-purchase agreement.
- B. A retail agent registered under A.R.S. § 4-222 and R19-1-209 shall maintain in accordance with R19-1-501:
1. A copy of a cooperative purchase order placed with a wholesaler;
 2. A copy of a cooperative-purchase invoice provided by a wholesaler; and
 3. A record of the following regarding each cooperative member:
 - a. The kind and quantity of spirituous liquor ordered and delivered;
 - b. Monies received from the cooperative member; and

- c. The date on and location at which spirituous liquor is delivered to the cooperative member.
- C. A wholesaler that fills a cooperative-purchase order submitted by a retail agent registered under A.R.S. § 4-222 and R19-1-209 shall prepare and provide to the registered retail agent a master invoice of the cooperative purchase that shows the spirituous liquor purchased by each cooperative member and the amount of the discount provided for the cooperative purchase.

R19-1-504. Record of Retail Delivery of Spirituous Liquor

- A. A retail licensee or domestic farm winery that operates a delivery service, as authorized by A.R.S. § 4-203(J) or 4-205.04(C)(9) and R19-1-316, shall complete a record of each delivery at the time of delivery. The licensee shall make the record on a form available from the Department and provide the following information:
 - 1. Name of licensed business making the delivery;
 - 2. Address of licensed business;
 - 3. License number;
 - 4. Date and time of delivery;
 - 5. Address at which delivery is made;
 - 6. Type and brand of spirituous liquor delivered; and
 - 7. Printed name and signature of the individual making the delivery.
- B. In addition to the information required under subsection (A), the licensee shall obtain the following information about the individual accepting delivery of the spirituous liquor:
 - 1. Name,
 - 2. Date of birth,
 - 3. Type of and number on the identification used to verify the individual's date of birth, and
 - 4. The signature of the individual accepting delivery.

R19-1-505. Domestic Microbrewery or Domestic Farm Winery Licensee Annual Product Report

In accordance with A.R.S. § 4-205.04(B) or 4-205.08(B), a domestic microbrewery or domestic farm winery licensee shall submit an annual product report to the Department on or before XXX of each year. The licensee shall submit the annual product report on a form that is available from the Department and provide the following information:

1. Name of the licensed business;
2. License number;
3. Name of licensee or agent;
4. Address of the licensed business;
5. Total gallons of product manufactured in the last calendar year; and
6. Notarized signature of the licensee, agent, or manager affirming that the information provided is true, correct, and complete.

R19-1-506. Report of Act of Violence

- A. As required under A.R.S. § 4-244(36), a licensee shall report an act of violence that occurs on the licensed premises.
- B. A licensee shall report an act of violence that occurs on property immediately adjacent to the licensed premises if the act of violence involves a patron who is entering or leaving the licensed business and if the licensee knew or reasonably should have known of the act of violence.
- C. A licensee shall submit the report required under subsection (A) to the Department or a law enforcement agency. A licensee shall submit the report required under subsection (B) to the Department.
- D. A licensee shall submit the report required under subsection (A) or (B) within seven days after the act of violence occurs.
- E. A licensee that submits a report under subsection (A) or (B) to the Department shall use a form that is available from the Department and provide the following information:
 1. Name of licensee or licensee's agent;
 2. License number;
 3. Name of licensed business;
 4. Address of licensed business;

5. Date of the report;
 6. Date and time of the incident being reported;
 7. A statement whether the police were summoned and if so:
 - a. Name of the police jurisdiction summoned,
 - b. Name of the individual who placed the call to the police,
 - c. Police report number, and
 - d. A statement whether an arrest was made;
 8. A statement whether emergency services were summoned and if so, the name of the individual who placed the call for emergency services;
 9. Names or description of participants in the incident;
 10. Names of individuals injured in the incident and a description of the injury;
 11. Detailed description of the incident; and
 12. Name, title, and signature of the individual preparing the report affirming that the information provided is true and accurate to the best of the individual's knowledge.
- F.** A licensee that submits a report under this Section shall maintain a copy of the report until any legal action relating to the act of violence is completed or until the time for taking legal action relating to the act of violence expires.

ARTICLE 6. VIOLATIONS; HEARINGS; DISCIPLINE

R19-1-601. Hearings

As required by A.R.S. § 4-210(H), the Department, Board, or a panel of the Board established under A.R.S. § 4-111(D) shall conduct all hearings according to the procedures at A.R.S. Title 41, Chapter 6, Article 10 and rules issued by the Office of Administrative Hearings.

R19-1-602. Rehearing or Review of a Decision

- A.** Except as provided in subsection (G), a party may file with the Board a motion for rehearing or review of a decision issued by the Director or Board. A party is not required to file a motion for rehearing or review of a decision to exhaust the party's administrative remedies. The Board, or a panel of the Board

established under A.R.S. § 4-111(D), shall provide for a rehearing or review of a decision issued by the Director or Board under A.R.S. Title 41, Chapter 6, Article 10 and rules issued by the Office of Administrative Hearings.

B. A party may amend a motion for rehearing or review at any time before the Board rules on the motion.

C. The Board may grant a rehearing or review for any of the following reasons materially affecting a party's rights:

1. Irregularity in the proceedings or any order or abuse of discretion that deprived the moving party of a fair hearing;
2. Misconduct of the Director or Board, Department staff, or an administrative law judge;
3. Accident or surprise that could not have been prevented by ordinary prudence;
4. Newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the hearing;
5. Excessive or insufficient penalty;
6. Error in the admission or rejection of evidence or other errors of law occurring at the hearing or during the progress of the proceedings; and
7. The findings of fact or decision is not justified by the evidence or is contrary to law.

D. The Board may affirm or modify a decision or grant a rehearing or review to all or some of the parties on all or some of the issues for any of the reasons listed in subsection (C). The Board shall specify with particularity the grounds for an order modifying a decision or granting a rehearing or review. If a rehearing or review is granted, the rehearing or review shall cover only the matters specified in the order.

E. Not later than 30 days after the date of a decision and after giving the parties notice and an opportunity to be heard, the Board may, on its own initiative, order a rehearing or review of the decision for any reason it might have granted a rehearing or review on motion of a party. The Board may grant a motion for rehearing or review, timely served, for a reason not stated in a motion. The Board shall specify with particularity the grounds on which a rehearing or review is granted under this subsection.

F. When a motion for rehearing is based upon affidavits, they shall be served with the motion. An opposing party may, within 15 days after service, serve opposing affidavits. This period may be extended by the Board for a maximum of 20 days for good cause or by written stipulation of the parties. Reply affidavits may be permitted.

- G.** If, in a particular decision, the Director or Board makes a specific finding that the immediate effectiveness of the decision is necessary for preservation of the public health, safety, or welfare and that a rehearing or review of the decision is impracticable, unnecessary, or contrary to the public interest, the decision may be issued as a final decision without an opportunity for a rehearing or review.

R19-1-603. Judicial Review

- A.** A party that exhausts its administrative remedies under R19-1-602 may file a complaint for judicial review of the final decision under A.R.S. § 12-901 et seq.
- B.** A party that files a complaint for judicial review of a final decision of the Director or Board shall serve a copy of the complaint for judicial review on the Director at the Department's office in Phoenix, AZ.

R19-1-604. Actions during License Suspension

If the Director suspends a license issued under A.R.S. Title 4 and this Chapter, the licensee:

1. Shall not take any action on or about the business premises for which a license is required under A.R.S. Title 4 or this Chapter; and
2. Shall prominently display the notice of suspension on the business premises during the suspension.

R19-1-605. Seizure of Spirituous Liquor

If a peace officer reasonably believes that a spirituous liquor is being or has been handled in a manner that is inconsistent with a provision of A.R.S. Title 4 or this Chapter, the peace officer shall seize the spirituous liquor.

R19-1-606. Closure due to Violence

If the Director determines that an act of violence is apt to occur at a licensed premises and that action is needed to protect the public health, safety, or welfare, the Director shall order that:

1. The licensed premises close its doors to the public;
2. No spirituous liquor be sold or served to any individual on the licensed premises; and

3. Only the licensee, employees of the licensee, and peace officers are allowed on the licensed premises.